

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 4, 2010

**NEW ISSUE
(BOOK-ENTRY ONLY)**

SERIAL BONDS
RATING: Standard & Poor's- Expected

In the opinion of GluckWalrath LLP, Bond Counsel assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable to the Bonds and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Bonds, interest received by holders of the Bonds will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed on individuals or corporations. However, interest on the Bonds may become taxable retroactively if certain requirements under the Code are not complied with. Under the laws of the State of New Jersey, as enacted and construed on the date of original delivery of the Bonds, interest on the Bonds and any gain from the sale thereof is excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein for a description of certain other provisions of the Code that may affect the federal tax treatment of interest on the Bonds.

**\$31,300,000
TOWNSHIP OF TOMS RIVER
County of Ocean, New Jersey
GENERAL IMPROVEMENT BONDS, SERIES 2010
Consisting of
\$28,825,000 General Improvement Bonds, Series 2010A
and
\$2,475,000 Golf Utility Improvement Bonds, Series 2010B
(CALLABLE) (BOOK-ENTRY-ONLY BONDS)**

DATED: Date of Delivery

DUE: June 15, as shown below

The \$31,300,000 Township of Toms River, County of Ocean, New Jersey, General Improvement Bonds, Series 2010, consisting of \$28,825,000 General Improvement Bonds, Series 2010A and \$2,475,000 Golf Utility Improvement Bonds, Series 2010B (collectively, "the Bonds") shall be issued as registered Bonds in the form of one certificate for the aggregate principal amount of each maturity of each series of the Bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") which will act as securities depository for the Bonds. The principal of the Bonds shall be paid on their respective maturity dates upon presentation and surrender of the Bonds at the offices of the Township or its designated paying agent, as paying agent ("Paying Agent"). Interest on the Bonds is payable initially on December 15, 2010 and semi-annually thereafter on June 15 and December 15 in each year until maturity or earlier redemption. The Bonds are subject to redemption prior to maturity as further described herein (see "OPTIONAL REDEMPTION" herein).

So long as Cede & Co. is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners (as herein defined) of the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant to receive payment of the principal of and interest on such Bond.

The Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) bond ordinances numbered 3555-00, 3989-06, 4073-07, 4114-07, 4134-08, 4135-08, 4188-09, 4246-10, 3990-06, 4022-06, and 4124-07, each duly and finally adopted by the Township Council and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution adopted by the Township Council on May 25, 2010.

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Bonds. The Bonds are general obligations of the Township, payable as to principal and interest from ad valorem taxes to be levied upon all taxable real property in the Township without limitation as to rate or amount.

MATURITY SCHEDULES

\$28,825,000 GENERAL IMPROVEMENT BONDS, SERIES 2010A

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2011	\$ 1,800,000			2016	\$ 3,400,000		
2012	1,900,000			2017	3,600,000		
2013	2,100,000			2018	3,600,000		
2014	2,425,000			2019	3,600,000		
2015	2,800,000			2020	3,600,000		

\$2,475,000 GOLF UTILITY IMPROVEMENT BONDS, SERIES 2010B

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2011	\$ 150,000			2016	\$ 275,000		
2012	175,000			2017	300,000		
2013	200,000			2018	300,000		
2014	225,000			2019	300,000		
2015	250,000			2020	300,000		

This cover contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information essential to their making an informed investment decision.

The Bonds are offered when, as and if issued, subject to the prior approval of legality by the law firm of GluckWalrath LLP, Trenton, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Attorney, Kenneth B. Fitzsimmons, Esq., Point Pleasant Beach, New Jersey. It is anticipated that the Bonds in definitive form will be available for delivery through DTC in New York, New York on or about June 29, 2010.

**ELECTRONIC PROPOSALS WILL BE RECEIVED
FOR THE BONDS ON JUNE 15, 2010 UNTIL 11:00 A.M.
FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,
REFER TO THE ENCLOSED NOTICE OF SALE**

Dated: _____, 2010

This is a Preliminary Official Statement, complete with the exception for the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Township has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Bonds described herein, the Township will deliver a final Official Statement within the earlier of seven business days following such sale or in order to accompany the purchaser's confirmations that request payment for the Bonds.

**TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN,
NEW JERSEY**

MAYOR AND TOWNSHIP COUNCIL

Thomas F. Kelaher, Mayor
Gregory P. McGuckin, Council President
Melanie Donohue-Appleby
George Wittmann
John Sevastakis
Maria Maruca
Brian S. Kubiel
Dr. Maurice B. Hill, Jr.

Chief Financial Officer
Christine Manolio

Township Clerk
J. Mark Mutter

Township Administrator
Paul Shives

Tax Collector
Kathleen M. Adams

Township Attorney
Kenneth B. Fitzsimmons

Township Auditor
Hutchins, Farrell, Meyer & Allison, P.A.

Financial Advisor
Hutchins, Farrell, Meyer & Allison, P.A.

Bond Counsel
GluckWalrath LLP

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such jurisdiction. No dealer, broker, salesperson or other person has been authorized by the Township to give any information or to make any representations other than those contained herein in connection with the offering of the Bonds, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Purchaser. Certain of the information set forth herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Purchaser or, as to information from sources other than itself, by the Township. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Township during normal business hours.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the Township, will have passed upon the accuracy or adequacy of this Official Statement.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

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OFFICIAL STATEMENT
Relating to
\$31,300,000
TOWNSHIP OF TOMS RIVER
County of Ocean, New Jersey
GENERAL IMPROVEMENT BONDS, SERIES 2010
Consisting of
\$28,825,000 General Improvement Bonds, Series 2010A
and
\$2,475,000 Golf Utility Improvement Bonds, Series 2010B

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Toms River, in the County of Ocean, New Jersey (the "Township") and provides certain information regarding the financial and economic condition of the Township in connection with the issuance and sale of the Township's \$31,300,000 principal amount of its General Improvement Bonds, Series 2010, consisting of \$28,825,000 General Improvement Bonds, Series 2010A and \$2,475,000 Golf Utility Improvement Bonds, Series 2010B (collectively the "Bonds") pursuant to the bond ordinances and resolution of the Township described below. This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer of the Township.

THE BONDS

GENERAL DESCRIPTION

The Bonds shall be dated their date of delivery and will mature on the dates and in the principal amounts set forth on the cover page hereof. The interest on the Bonds will be payable semi-annually beginning December 15, 2010 and on each June 15 and December 15 (each an "Interest Payment Date"), in each year until maturity at the interest rates set forth on the cover page hereof. As long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Township directly to DTC or Cede & Co. which will credit payments of principal of and interest on the Bonds to the participants of DTC as listed on the records of DTC as of each next preceding June 1 and December 1, respectively (the "Record Dates" for the payment of interest on the Bonds), which participants will in turn credit such payments to the beneficial owners of the Bonds.

The Bonds are issuable as fully-registered book-entry-only bonds in the form of one certificate for each maturity of each series of the Bonds and in the principal amount of such maturity. The Bonds will be issued in book-entry-only form and in the principal amount of \$1,000 or any integral multiple thereof (with a minimum purchase of \$5,000). So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payment of the principal of and interest on the Bonds will be made by the Township directly to DTC or Cede & Co. (or any successor or assign), as nominee for DTC. Disbursement of such payments to the participants of DTC is the responsibility of DTC. See "BOOK-ENTRY-ONLY SYSTEM".

SECURITY AND SOURCE OF PAYMENT

The Bonds will be general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and interest on the Bonds. The Township is required by law to levy ad valorem taxes upon all the taxable real property within the Township for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount. See "PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT" herein. The Bonds will be originally issued in the name of Cede & Co., as registered owner and nominee for DTC. See "BOOK-ENTRY-ONLY SYSTEM" herein.

AUTHORIZATION AND PURPOSE OF THE ISSUE

The Township is authorized to issue the Bonds pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) the bond ordinances described below, each duly and finally adopted by the Township Council ("Council") and published in accordance with the requirements of the Local Bond Law ("Bond Ordinances"); and (iii) a resolution adopted by the Council on May 25, 2010 ("Resolution").

The Township has issued various Bond Anticipation Notes ("BANS") pursuant to bond ordinances adopted by the Township Council and described in the table below. The Township will currently refund the BANS and finance the cost of various new capital improvements in and for the Township through the issuance of the Bonds.

GENERAL IMPROVEMENT BONDS, SERIES 2010A

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Amount</u>
3555-00	Various Improvements	\$ 352,000.00
3989-06	Various Improvements	700,000.00
4073-07	Various Improvements	2,100,000.00
4114-07	Various Improvements	475,000.00
4134-08	Funding of Contributions Pursuant to Regional Contribution Agreements	5,225,000.00
4135-08	Various Improvements	7,125,000.00
4188-09	Various Improvements	7,600,000.00
4246-10	Various Improvements	<u>5,248,000.00</u>
		<u>\$ 28,825,000.00</u>

GOLF UTILITY IMPROVEMENT BONDS, SERIES 2010B

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Amount</u>
3990-06	Various Improvements	\$ 500,000.00
4022-06	Various Irrigation Improvements	475,000.00
4124-07	Various Irrigation Improvements	<u>1,500,000.00</u>
		<u>\$ 2,475,000.00</u>

OPTIONAL REDEMPTION

The Bonds maturing on or after June 15, 2019 are subject to redemption, at the option of the Township, prior to maturity and upon notice as hereafter provided, in whole or in part (and, if in part, such maturities as the Township shall determine and within any such maturity by lot), at any time on or after June 15, 2018, in such order of maturity as selected by the Township, at a redemption price of one hundred percent (100%) of the principal amount being redeemed, plus accrued interest to the redemption date.

NOTICE OF REDEMPTION

Notice of Redemption shall be given by mailing first-class mail in a sealed envelope with postage pre-paid not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the owner of every Bond of which all or a portion is to be redeemed at his or her last address, if any, appearing on the registration books of the Paying Agent. So long as the Bonds are issued in book-entry-only form, all notices of redemption will be sent to DTC and not be sent to the beneficial owners of the Bonds. Failure of an owner of the Bonds to receive such notice or of DTC to advise any participant of any failure of a participant to notify any beneficial owner of the Bonds shall not affect the validity of any proceedings for the redemption of the Bonds. Such notice shall specify: (i) the series and maturity of the Bonds to be redeemed; (ii) the redemption date and the place or places where amounts that are due and payable upon such redemption will be payable; (iii) if less than all of the Bonds are to be redeemed, the letters and numbers or other distinguishing marks of the Bonds to be redeemed; (iv) in the case of a Bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed; (v) that on the redemption date, there shall become due and payable with respect to each Bond or portion thereof to be redeemed the redemption price; and (vi) that from and after the redemption date, interest on such Bonds or portion thereof to be redeemed shall cease to accrue and be payable.

BOOK-ENTRY-ONLY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to Direct and Indirect Participants (defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, national Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly. ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry-only system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Township as Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Township may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE BONDS WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, AND DIRECT PARTICIPANTS OR ANY INDIRECT PARTICIPANT; OR (ii) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR PAY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, OR INTEREST ON, ANY BONDS; OR (iii) THE DELIVERY OF ANY NOTICE BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; OR (iv) ANY OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

DISCONTINUATION OF BOOK-ENTRY-ONLY SYSTEM

If the Township, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Township will attempt to locate another qualified Securities Depository. If the Township fails to find such Securities Depository, or if the Township determines, in its sole discretion, that it is in the best interest of the Township or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the Township undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Township shall notify DTC of the termination of the book-entry-only system.

In the event that the book-entry-only system for the Bonds is discontinued, the Township has provided that upon receipt of the Bond certificates from DTC and the Participant information, the Township will authenticate (or cause to be authenticated) and deliver definitive Bonds to the holders thereof, and the principal of and interest on the Bonds will be payable and the Bonds may thereafter be transferred or exchanged in the manner described in the Bond certificates so provided.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

LOCAL BOND LAW (N.J.S.A. 40A:2-1 ET SEQ.)

The Bonds are issued pursuant to the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq. The Local Bond Law governs the issuance of bonds and notes by municipalities to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds must be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township are general full faith and credit obligations.

LOCAL BUDGET LAW (N.J.S.A. 40A:4-1 ET SEQ.)

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt an annual operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are regulated by law and the proposed operating budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires the Township to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations, among others, for certification.

The Local Budget Law limits anticipated tax revenues to the same proportion as actual cash collections bore to the total levy in the previous year and requires a reserve amount to be factored into the budget to make up for the expected shortfall in actual collections. The Regional School District, Fire Districts and Ocean County receive 100 percent of their tax levies, which are collected and paid to them by the Township. Anticipated nontax revenues of the Township are limited to the amount actually realized the previous year unless the Director of the Division authorizes a higher figure. Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions, focusing on anticipated revenue, serve to protect the solvency of the Township. The Township budget by law and regulation of the Division must be in balance, on a cash basis, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

CAPITAL BUDGET

In accordance with the Local Budget Law, the Township must adopt and revise annually a six-year capital program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures that the local unit may contemplate over the six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method and financing or from the annual operating budget.

OPERATION OF UTILITIES

Municipal public utilities are supported, in addition to the general taxing power upon real property, by the revenues generated by the respective operations of the utilities. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budget of the utilities. Deficits or anticipated deficits in utility operations that cannot be provided for from utility surplus, if any, are required to be raised in the "Current Fund" or operating budget.

TAX LEVY CAP (N.J.S.A. 40A:4-45.44, et seq.)

Chapter 62 of P.L. 2007 imposes limitations on increases in the tax levies of municipalities, counties, and fire districts subject to various exclusions. Beginning with the preparation of Fiscal 2008 budget, the amount to be raised by taxation by a local unit shall not exceed the sum of new ratables, the adjusted tax levy, and the total of waivers approved by the Local Finance Board pursuant to section 11 of P.L. 2007, c.62 (C.40A:4-45.46). "New Ratables" means the product of the taxable value of any new construction or improvements times the tax rate of the local unit for its previous tax year. "Adjusted tax levy" means an amount not greater than the amount to be raised by taxation of the previous fiscal year, less any waivers from a prior fiscal year multiplied by 1.04, to which the sum of exclusions defined in subsection b. of section 10 of P.L. 2007, c.62 (C.40A:4-45.45) shall be added. Exclusions pursuant to this section are: (1) increases in amounts required to be raised for (a) all debt service and (b) lease payments with county improvement authorities in effect at the time of the passing of the legislation; (2) increases in amounts required to be raised to replace State formula aid due to a reduction in State formula aid from the previous local budget year; (3) increases in amounts for certain pension contributions set forth in section 5 of P.L. 2003, c.108 (C.40A:4-45.43) for the years set forth in that section; (4) any increase greater than four percent in the reserve for uncollected taxes that is required by law; (5) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of four percent of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; (6) notwithstanding the above provisions, when the appropriation for all debt service is less than the amount appropriated for all debt service in the prior fiscal year, the amount of the difference shall be deducted from the sum of the exclusions listed above as (1) through (5) . If there are no exclusions, then the amount of the difference shall reduce the adjusted tax levy by that amount. Any cancelled or unexpended appropriations for any exclusion pursuant to this subsection or waiver, also shall be deducted from the sum of the exclusions listed above as (1) through (5) or directly reduce the adjusted tax levy if there are no exclusions. The Tax Levy Cap does not limit the obligations of the Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service on the Bonds.

APPROPRIATION "CAP"

A statute passed in 1976, as amended (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations, subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c. 89, which revised and made permanent the "Cap Law". The Cap Law has been frequently amended thereafter. While the revised Cap Law is restrictive on the ability of a municipality to increase its overall appropriations, the payment of debt service is an exception from this limitation. The Cap Law currently provides that a municipality shall limit any increase of its budget to 2.5% or the cost of living adjustment, whichever is less, over the previous year's final appropriations subject to certain exceptions. However, in any year in which the cost of living adjustment is equal to or less than 2.5%, a municipality may, by ordinance, provide that the final appropriations shall be increased by a percentage rate greater than the cost of living adjustment, but not to exceed 3.5%. The "cost of living adjustment" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. The Cap Law does not limit the obligations of the Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service on the Bonds.

REAL ESTATE TAXES

N.J.S.A. 40A:4-29 of the Local Budget Law governs anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year".

N.J.S.A. 40A:4-41 of the Local Budget Law provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in a municipality or, in the case of a county, for general county purposes and payable in a fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision and N.J.S.A. 40A:4-40 require that an additional amount (the "Reserve for Uncollected Taxes") be added to the tax levy to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will be at least equal to the tax levy required to balance the budget. The reserve for uncollected taxes requirement is calculated as follows:

The tax levy required to balance this budget, divided by the prior year's percentage of current tax collections (or lesser percentage) levied, will equal the total taxes to be levied for the current fiscal year.

MISCELLANEOUS REVENUES

N.J.S.A. 40A:4-26 in the Local Budget Law provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit".

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof, with the exception of inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with a local governmental unit's calendar fiscal year. Grant revenue is generally not realized until received in cash.

DEFERRAL OF CURRENT EXPENSES

Emergency appropriations (those made after the adoption of the budget and determination of the tax rate) may be authorized by the Township Council. With minor exceptions, however, such appropriations must be included in full in the following year's budget. Under the Cap Law, any emergency appropriation must be declared by resolution in accordance with the Local Budget Law, must be approved by at least two-thirds of the Township Council and must be approved by the Director. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads, and bridges which may be amortized over three years; and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes which may be amortized over five years.

BUDGET TRANSFERS

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

LOCAL FISCAL AFFAIRS LAW (N.J.S.A. 40A:5-1 ET SEQ.)

This law regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Clerk of the local governmental unit and with the Director within six (6) months after the close of the local unit's fiscal year, unless the Director extends the time to complete and file the audit. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The Finance Officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit. The entire annual audit report is filed with the Municipal Clerk and is available for review during business hours.

DEBT LIMIT

The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its stated equalized valuation basis. The stated equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

The Bonds are included in the computation of debt for the purpose of the statutory debt limit. The issuance of the Bonds will not cause the Township's indebtedness to exceed the statutory limit. At December 31, 2009, the Township's statutory net debt as a percentage of average equalized valuation was 0.57%. As noted above, the statutory limit is 3-1/2%.

EXCEPTIONS TO DEBT LIMIT

The Township may exceed its debt limit with the approval of the Local Finance Board. If all or any part of the proposed debt authorization would exceed its debt limit, the Township must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential services or make other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued to fund certain notes, to provide for self-liquidating purposes and, in each fiscal year, to provide for purposes in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

SCHOOL DEBT

State law permits local school districts, upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the Township. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the Township, the State Department of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

The Regional School District debt limit is 4% of the Township's equalized valuation basis as evaluated by the state.

PROPERTY TAX REFORM

In recent years, the New Jersey Legislature has considered various proposals to lessen the dependence of local governments on property taxes and to find alternative means to fund vital governmental services.

In November, 2006, the voters approved a constitutional amendment which dedicated the annual revenue derived from ½% of the 7% State sales tax for the purpose of property tax reform. In 2006, the Legislature also created four joint legislative committees to review and formulate proposals that address (i) public school funding reform; (ii) government consolidation and shared services; (iii) public employee benefits reform; and (iv) property tax reform (including through amendments to the State Constitution), and Governor Corzine also introduced a Blueprint for Property Tax Relief and Reform, calling for legislative consideration of a number of proposals, including a 4% cap in the annual increase in property tax bills.

Any legislation or constitutional amendments which alter the existing system of real property taxation in New Jersey may adversely affect the security and/or market value of bonds, notes and other obligations of counties and municipalities (such as the Township).

SHORT-TERM FINANCING

The Township may issue short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as amended and supplemented, creating such capital expenditure less, generally, a cash downpayment of 5%. Bond anticipation notes may be issued and renewed for one-year periods, with the final maturity not exceeding ten years plus the period from the notes' maturity to the end of the fiscal year in which the notes mature plus four months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by three annual minimum pay-downs, each in the minimum amount required for the first year's principal payment for a bond issue.

PENSION PLAN

Employees of the Township of Toms River who are eligible for a pension plan are enrolled in pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The state-administered plans are: The Public Employees' Retirement System; the Police and Firemen's Retirement System; and the Defined Contribution Retirement Program ("DCRP"). The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. The plans are funded annually based on the projected benefit method with aggregate level, normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit.

IMPACT OF STATE FISCAL EMERGENCY

On February 11, 2010, Governor Christie signed Executive Order No. 14, declaring that a state of fiscal emergency exists in the State of New Jersey and directing that certain fiscal actions be taken in response to such emergency.

As part of his March 16, 2010 budget address, Governor Christie indicated that his proposed FY 2011 State Budget will recommend a reduction in various forms of municipal aid of \$445 million, including a reduction of approximately \$271.4 million in municipal aid provided under the Consolidated Municipal Property Tax Relief Aid and the Energy Tax Receipts Property Relief Fund programs. In addition, Governor Christie indicated that his proposed FY 2011 State Budget will recommend the elimination of the existing Special Municipal Aid, Extraordinary Aid, Capital City Aid, Consolidated Fund Aid and Regional Efficiency Aid programs, to be replaced by a Transitional Aid to Localities program for temporarily distressed municipalities (the funding for which would be decided under a competitive process, and would represent a 10% reduction from the FY 2010 appropriation for the programs it replaces).

Governor Christie's proposal represents a reduction of approximately 17% in combined COMPTRA and Energy Tax Receipts aid statewide. While the Township cannot predict the outcome of the FY 2011 State Budget or of the proposed legislation and constitutional amendment noted above, it appears likely that there will be significant reductions in State aid to the Township during the State's 2011 fiscal year, with corresponding financial pressures upon the Township to offset such reductions through either spending reductions or increased revenues. Projected State aid figures by the Department of Community Affairs ("DCA") on March 18, 2010 reflect an approximately 20.45% decrease in COMPTRA and Energy Tax Receipts aid, from \$10,677,511 in State FY 2010 to \$8,494,256 in State FY 2011. In addition, DCA announced that 5% of State FY 2011 aid would be withheld unless the municipality certifies compliance with certain best-practices standards.

Governor Christie also recommended the adoption of an amendment to the State Constitution which would impose an annual tax levy cap of 2½% at both the State and local levels and, pending such adoption, the enactment of legislation which would lower the existing 4% municipal tax levy cap to 2½%, limit cap exceptions, permit banking of unused cap and repeal provisions for automatic cap growth to offset decreases in State aid.

FINANCIAL REPORTING PERIOD TRANSITION

Pursuant to P.L. 1991, c.75, the Township of Toms River has presented its financial activities on the State Fiscal Year (June 30) since July 1, 1992. In accordance with P.L. 2008,c.92, a municipality operating under the State Fiscal Year and which has adopted an ordinance authorizing the reversion to a Calendar Year may apply to the Local Finance Board of the State of New Jersey for approval to revert back to a Calendar Year reporting period.

On August 31, 2009, the Township Council adopted an ordinance authorizing the reversion to a Calendar Year reporting period and received Local Finance Board approval on September 9, 2009. As a result of this change, the Township prepared a Transition Year budget for the period July 1, 2009 through December 31, 2009 prior to the calendar year ending December 31, 2010. The financial statements for the six-month period ended December 31, 2009 represent the six-month transition period.

GENERAL INFORMATION OF THE TOWNSHIP OF TOMS RIVER IN THE COUNTY OF OCEAN, NEW JERSEY

GENERAL INFORMATION

LOCATION AND AREA

The Township of Toms River, formerly the Township of Dover, officially changed its name on November 14, 2006. It is located in one of New Jersey's largest and fastest growing areas, Ocean County. The historic area of the Township of Toms River serves as the county seat. Toms River, which was first settled in 1624, is located in the east central area of the state, 70 miles from New York City and 60 Miles from Philadelphia.

Also located within the Township are the oceanfront communities of Ocean Beach, Chadwick Beach, Ortley Beach and Normandy Beach.

The Township covers a total of 44 square miles, including 25 miles of waterfront properties.

TRANSPORTATION

The Township of Toms River is provided access to the major metropolitan areas of New York City and Philadelphia by several major highway routes. The Township is served by three interchanges of the Garden State Parkway, which traverses the Township on the north-south axis, extends north to the New York metropolitan area and south past Atlantic City to Cape May. State Highway 70 provides access to Philadelphia, while Interstate 195, in the northern part of Ocean County, provides service to the Trenton area and the Princeton Route 1 corridor.

Bus service is provided by New Jersey Transit with park and ride facilities provided for New York City commuters in Toms River.

Conrail provides freight rail service to central Ocean County. Passenger rail service is available on the North Jersey Coast Line at Bay Head and Point Pleasant Beach.

Airport service is available at Monmouth County Airport which is 20 miles north of Toms River. An airport at Ocean County Air Park, located a few miles southwest of Toms River, offers non-scheduled air taxi service to all metropolitan New York and Philadelphia airports. Newark and Philadelphia airports can be reached in about one hour's traveling time by auto.

The area is also served by several motor trucking concerns which have main offices in the area.

MUNICIPAL GOVERNMENT

Effective January 1, 2004, the Township successfully changed to a Mayor-Council form of government pursuant to the Optional Municipal Charter Law. The Township now has a Mayor elected for a 4-year term and 7 members of Council. The Township has been divided into 4 wards. There is a Councilperson representing each ward for 4-year terms, and 3 Councilpersons at large serving for 4-year terms.

Municipal services are provided by approximately 522 full-time employees with overall supervision provided by the Township Administrator.

ECONOMY

The Township of Toms River has developed an increasingly diversified economy based upon the service sector, retailing, recreational activities, industrial development, and governmental services. Employment, particularly in the retail, government and service sectors, has increased substantially.

The Ocean County Mall has provided a major increase to the retailing sector. Following expansions completed in 1988 and 2002, the mall now consists of 975,000 square feet of retail space including four major department stores.

Principal employers in the Township are as follows:

<u>Employer</u>	<u>Location</u>	<u>Number of Employees</u>
Ocean County Mall	Toms River	2,300-2,600
St. Barnabas Health Care System	Toms River	4,700
Toms River Schools	Toms River, Beachwood, Pine Beach, So. Toms River	2,500
Ocean County Government	Ocean County	2,038
Ocean County College	Ocean County	717
Twp. of Toms River Government	Toms River	522
Health South Rehabilitation Hospital	Toms River	500

The Township has the potential for future development of the commercial, manufacturing and distribution sectors of the economy. There are a number of prime industrial sites, partially developed sites, and sites available for future development in the Township. The available sites include the Toms River Industrial Park and the Route 37 Industrial District. At the time of the most recent update to the Toms River Master Plan, the Township had a potential Build-Out Analysis in the various commercial zoning districts. The results of the analysis are as follows:

<u>Zone</u>	<u>Estimated Area</u>
VO	149,852
VB	56,877
RHB	2,614,179
GB	15,924
HMS	67,518
I	1,800,598*
LI	188,892
0-10	322,262
0-15	362,685
RC	<u>124,956</u>
Total	<u>6,039,188</u> sq. ft.

* May be constrained further by EPA and DEP Superfund issues.

EDUCATIONAL FACILITIES

The Board of Education of Toms River Schools is a Regional School District and covers about 49 square miles of territory in four municipalities of the County, the Township of Toms River, and the Boroughs of Beachwood, Pine Beach and South Toms River, and Seaside Heights Elementary School, with a student enrollment of approximately 19,000. The Toms River Regional School District was created upon the vote of residents of the four municipalities at a special election held on December 1, 1964 and is governed by the provisions of Title 18A, Education, of the New Jersey Statutes.

The Regional School District functions through a 9-member Board, elected by the citizens in alternate 3-year terms. The Township has 5 members on the Board and contributes 91.24% of the annual school budget.

In addition to its public schools, the Township has a parochial elementary school, a parochial high school, the Ocean County Vocational Technical School and a County Vocational School.

Ocean County College was the first County College established in the State of New Jersey. It is situated at a 275-acre site in the Township, three miles north of downtown. The College has approximately 10,000 students, offering two-year degrees with options for joint admission and direct transfer programs for many colleges, including Kean University, NJIT, Rutgers University, and Monmouth University. It is a charter member of New Jersey Communiversities which is an alliance of eight higher education institutions offering undergraduate, graduate and certificate programs, and also has a variety of adult education courses.

Taxes for support of the Regional School District, as approved by the voters in the District, are levied on the valuations in the four municipalities as equalized by the County. The taxes are collected by their respective officials, and remitted to the Regional School District.

RELIGIOUS, CULTURAL, FRATERNAL AND CIVIC ACTIVITIES

The Township has 35 churches, 40 charitable, fraternal or civic club properties, a Chamber of Commerce, 6 First Aid Squads and a YMCA. The area is served by 2 local daily newspapers and a local FM Radio Station. The main branch of the Ocean County Public Library, located in Toms River, recently underwent a 50,000 square foot expansion project.

HEALTH CARE FACILITIES

Community Medical Center, a modern non-profit general hospital, is part of the Saint Barnabas Health Care System located in the Township. The Hospital was established in 1961 with ongoing additions including an Emergency Trauma Center in April, 2007, and construction of a new five-story parking garage, making the Center the largest non-teaching hospital on the East Coast. The facilities have been increased from the original 50 beds to 587, caring for over 28,000 inpatients, 127,700 outpatients, and 100,000 emergency department patients each year.

RECREATIONAL FACILITIES

In addition to the attraction of the Atlantic Ocean and the famous coastline of Ocean County, Township residents also benefit from the recreational activities offered by the many lakes and forests of the County.

Three state parks are located in the County, additional state land (64,169 acres) is devoted to marinas, fish and wildlife areas, and recreational areas. The County system of 17 parks includes the 497-acre Cattus Island Park in the Township.

The Township owns and operates an eighteen-hole municipal golf course and the Winding River Skating Rink and Park.

A new \$6 million indoor ice-skating rink was completed in early 2007 at the site of the Township's Winding River Ice-Rink facility. This new indoor rink, combined with the pre-existing outdoor (covered) rink, provides a first-class hockey facility fulfilling the needs of local residents and also providing a source of revenue for the Township's overall recreation program. The rinks are operating as a dedicated utility and the combined rink facility exceeded expectations during the first year of joint operation.

During the past 4 years, the Township has acquired approximately 348 acres of open space utilizing funding from the dedicated Open Space Tax as well as Green Acre funds provided by the State of New Jersey.

PUBLIC SERVICE

Public services are provided primarily by Verizon, United Water Co. – Toms River, New Jersey Natural Gas Company, and JCP&L. The Township is provided sewerage service by a municipal utility authority, the Township of Toms River Municipal Utilities Authority.

SEWER AND WATER SERVICES

The Township of Toms River Municipal Utilities Authority serves not only the Township of Toms River, but also sections of Berkeley Township, Brick Township, Manchester Township and Island Heights Borough.

A deficiency contract between the Authority and the Township has been executed and provisions of the contract obligate the Township to provide for the payment of the principal and interest which may become due on any outstanding project bonds or permanent bonds of the Authority. Although the Township's obligation pursuant to the provisions of the deficiency contract is a direct and general obligation, the Authority anticipates that its operating costs and the principal, interest and reserve requirements on its obligations will continue to be paid from the revenues derived from service charges to the individuals and businesses using its facilities.

The Township of Toms River Municipal Utilities Authority operates and maintains the local sewerage collection system which discharges into Ocean County Utility Authority's interceptor system for conveyance to regional treatment facilities.

The Central Treatment Facility of the Ocean County Utilities Authority, which serves the Township of Toms River Municipal Utilities Authority, commenced operation in December, 1979.

In the opinion of the Consulting Engineer to Ocean County Utilities Authority, the capacity of the system's pump and interceptor lines are adequate to service future projected flows at least through the year 2012.

The State of New Jersey Department of Environmental Protection had previously established the presence of chemical styrene acrylonitrile trimer and associated compounds in Wells 26 and 28 as operated by the United Water Company. In addition, during 1999, carbon filters were added to Well 22 and Well 29 to further enhance and polish the water provided by these Wells. Although the public water supply presently meets or exceeds all federal and even more stringent state drinking water standards, as a precautionary measure, Well 26 and Well 28 have been taken off line and will only be used in the event of a water shortage. Well 20 has been off-line and only used in the event of a water shortage due to elevated levels of a naturally-occurring radiation. Ongoing monitoring of these Wells as well as other United Water Wells servicing the Township continues to document that all public water meets or exceeds federal standards. Further, radon that was recently detected in several United Water Wells is being treated by filtration systems that were installed promptly by United Water when this condition was detected.

United Water Company applied to the State of New Jersey Department of Environmental Protection ("NJDEP") for an increase in their allocation based on continued growth within their service area. NJDEP approved the allocation increase in late 2006 and, based on that approval, United Water has advised the Township they have sustainable supplies for at least a 10-year planning period.

CIBA-GEIGY/BASF UPDATE

Ciba-Geigy was recently purchased by BASF, which has assumed responsibility for site remediation under the direction and jurisdiction of NJDEP. Among the remediation issues being addressed at the site is the cleanup of ground water in the Kirkwood Formation, which is the aquifer that lies closest to the surface of the ground. The remediation technique being used is to pump, treat and recharge the water into the aquifer. Water is tested on a regular basis through a series of samples taken at monitoring wells on and off the 1,200 acre tract. Particular attention is given to the southeasterly flow of ground water to monitor the extent of any plume of contaminants in the Kirkwood Formation. The aquifer that lies immediately below the Kirkwood is also monitored to determine whether any contaminants have passed through the confining layer and the sampling results indicate that the contaminants are found only in the Kirkwood Formation. The remediation method has been successful in that the plume has been diminishing in extent since 1996, and full remediation of the Kirkwood is anticipated to be essentially complete by 2035. It should be noted that the Kirkwood aquifer is not a source of potable water for any public water systems in the area. It should also be noted that all residential areas that are down-gradient (south and east) of the contaminated portion of the Kirkwood Formation are serviced by the United Water Company, which uses deeper aquifers to supply its customers.

SPECIAL IMPROVEMENT DISTRICT

The Business Improvement District ("BID") was established in 2003 to enhance the business activity in the downtown and core business corridor of the Township. Two Special Improvement District taxes totaling \$225,000. for the calendar year 2010 have been assessed to business property-owners in the two Districts based on assessed valuations.

TAX COLLECTION PROCEDURE

The Township is the political entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county, school district and fire districts.

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated, and are levied for either the calendar year or the state fiscal year. The taxes for municipal, local and regional school districts, and county purposes are combined into one levy which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purpose of school districts cover the current calendar year. Turnover of tax monies by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year. A municipality remits 100% of the county taxes, payable quarterly on the 15th day of February, May, August and November. The fire districts receive 4 payments a year based on the following: April 1, 21.25%; July 1, 22.50%; October 1, 25.00%; and December 31, 31.25%.

In the year a municipality changes its fiscal year, a tax bill is to be delivered on or before June 14 for the August 1 and November 1 payments. Thereafter, a tax bill is to be delivered on or before October 1 for the installments due February 1 and May 1 and a second tax bill is delivered on or before June 14 for the installments due August 1 and November 1.

Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500.00 and, if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency, subject to any abatement or discount for the late payment of taxes as provided by law. Unpaid taxes are subject to tax sale as of July 1 following the year of levy (or, under certain circumstances, as early as the final month of the year of the current tax levy), in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

REVALUATION

Toms River Township completed a State and County-mandated Revaluation of all real property and placed the new values on the assessment records as of 2009. There were a total of 3,800 tax appeals heard and decided by the Ocean County Board of Taxation in 2009 and the overall assessed valuation has been adjusted accordingly. This number of appeals represented less than 10% of all line items. There are approximately 1,100 tax appeals filed with the County Board of Taxation that will be scheduled to be heard in 2010.

GROWTH, DEVELOPMENT AND PLANNING

Over the years, the Township has enjoyed a continued growth in valuations and industry. There has always been a strong emphasis on balance, be it in relation to industry, commercial development or residential units.

The Township, because of its enviable location, being traversed by major transportation arteries, receives many inquiries relative to commercial and industrial development.

The dollar value of residential, industrial and commercial growth in the Township has continued to expand as indicated below¹:

<u>Tax Year</u>	<u>Assessed Valuation</u>
1985	\$ 2,480,148,039
1986	2,512,117,865
1987	2,594,254,847
1988	2,707,701,366
1989	2,809,486,315
1990	2,843,683,300
1991	2,882,043,006
1992	2,869,624,228
1993	2,858,207,546
1994 ²	5,335,266,114
1995	5,260,487,027
1996	5,336,049,355
1997	5,448,671,847
1998	5,545,434,276
1999	5,629,132,605
2000	5,661,815,400
2001	5,797,581,800
2002	5,981,888,786
2003	6,106,905,362
2004	6,195,811,366
2005	6,270,976,300
2006	6,291,172,914
2007	6,361,845,023
2008	6,457,308,775
2009	17,606,762,496

¹ Source: Township Audits

² Revaluation

PLANNING BOARD APPROVAL

During the year ended December 31, 2009, the following commercial and industrial establishments received Planning Board approval for substantial construction improvements as indicated below:

<u>Name of Company</u>	<u>Planned Use</u>	<u>Construction (sf)</u>
Lake Real Estate	Hotel	70,658
Lake Real Estate	Restaurant	6,284
Rocco Berardi	Shopping Center Addition	26,300
Maridan Enterprises	Shopping Center	78,000
Bey Lea Joint Venture	Restaurant	6,010
Naples Family, LLP	Industrial	91,760

Source: Planning Department, Township of Toms River

CAPITAL PROJECTS AND PLANNING¹

The Township's capital budget for 2010 detailed the following amounts in its anticipated project schedule and funding requirements:

<u>PROJECT TITLE</u>	<u>PROJECT #</u>	<u>ESTIMATED COST</u>
<u>Imps to Twp Owned Property</u>	2010-1	\$ 860,000.00 Total
Construction of Animal Shelter	2010-1.1	350,000.00
Town Hall HVAC/Solar Deck/Roof/ ADA Compliance	2010-1.2	260,000.00
Municipal Court Expansion to Address Compliance Issues	2010-1.3	200,000.00
Renovation to Police HQ Exterior Envelope and Structure	2010-1.4	50,000.00
<u>Extension of Water Lines</u>	2010-2	\$ 325,000.00 Total
Windsor Park Water Line Extension Project – Design of 4 Phases	2010-2.1	325,000.00
<u>Roads and Drainage</u>	2010-3	\$ 540,000.00 Total
Replacement of Bulkhead Phase 2	2010-3.1	200,000.00
2010 Paving Project	2010-3.2	100,000.00
2010 Drainage Project	2010-3.3	100,000.00
Paving of East Whitty Road	2010-3.4	60,000.00
Gloucester and Pioneer Drainage	2010-3.5	75,000.00
Speed Bump Installation at Selected Locations	2010-3.6	5,000.00
<u>Purchase of Equipment</u>	2010-4	\$ 5,000.00 Total
Replacement of Trucks at DPW	2010-4.1	2,500.00
Purchase of Automated Cans/Equipment For Single Stream Recycle	2010-4.2	2,500.00
<u>Recreation</u>	2010-5	\$ 350,000.00 Total
Construction of Girls Softball Complex (North Bay)	2010-5.1	300,000.00
Construction of Artificial Turf Field/Lighting At Toms River High School South	2010-5.2	50,000.00

¹ Source: Township 2010 Budget

FINANCIAL AND RELATED INFORMATION

POPULATION TRENDS¹

1950 Federal Census	7,707
1960 Federal Census	17,414
1970 Federal Census	43,751
1980 Federal Census	64,455
1990 Federal Census	76,371
2000 Federal Census	89,706
2007	95,148 ²

LARGEST TAXPAYERS – 2009³

<u>Property Owner</u>	<u>2009 Assessed Valuation</u>	<u>Real Estate Taxes Paid 01/01/09-12/31/09</u>
CPI @ Simon Property Group LP	\$ 220,000,000	\$ 2,796,200.00
Ciba Specialty Chemicals Corp.	80,460,000	1,022,646.60
SDD Inc @ D Donofrio	60,473,800	768,621.99
J & I Realty Assoc. LLC @ AAC Mgmt.	40,806,900	532,938.11
SP Acquisition Assoc. @ Pyne Co.	40,000,000	508,400.00
Fairways at Bey Lea LLC	34,622,600	442,823.05
Indian Head Plaza Assoc. @ JK Mgmt.	27,571,100	352,634.37
909 Route 37 West @ Cronheim	23,999,000	305,027.29
AC I Toms River LLC	23,571,500	301,479.49
Dover Parkade LLC @ Paramount Realty	22,380,000	286,240.20

¹ Source: Census Bureau

² Source: 2008 Population Estimates, US Bureau of the Census, Population Division

³ Source: Township Tax Office

STATEMENT OF BONDED INDEBTEDNESS¹
As of December 31, 2009

GROSS DEBT

<u>School Debt (Regional)</u>		
Bonds Issued and Outstanding	\$ 68,317,818.26	
Temporary Bonds and Notes Issued	<u>2,318,046.55</u>	\$ 70,635,864.81

<u>Golf Utility</u>		
Serial Bonds Issued and Outstanding	555,000.00	
Bond Anticipation Notes:		
Issued and Outstanding	2,475,000.00	
Authorized But Not Issued	<u>522,490.00</u>	3,552,490.00

<u>Municipal Debt (Other)</u>		
Serial Bonds		
Issued and Outstanding:		
General	66,565,000.00	
Bond Anticipation Notes	21,975,000.00	
Bonds/Bond Anticipation Notes		
Authorized But Not Issued:		
General Improvements	9,011,760.14	
Infrastructure Trust	<u>523,637.81</u>	<u>98,075,397.95</u>

TOTAL GROSS DEBT	172,263,752.76
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DEDUCTIONS

For Self-Liquidating Utility	3,552,490.00
For School Purposes:	
School Debt (Regional)	<u>70,635,864.81</u>

TOTAL DEDUCTIONS	<u>74,188,354.81</u>
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STATUTORY NET DEBT	<u><u>\$ 98,075,397.95</u></u>
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¹ Source: Township TY 2010 Annual Debt Statement

OVERLAPPING DEBT¹

Township of Toms River MUA	\$ 1,125,000.00
Ocean County	<u>68,162,279.94</u>
Total Overlapping Debt	<u>69,287,279.94</u>
Total Overall Debt	<u>\$ 167,362,677.89</u>
Average of Equalized Assessed Valuation of Real Property (2007, 2008, 2009) (State Certified Valuation)	<u>\$ 17,221,567,478</u>
Net Debt as a Percentage of Said Average Equalized Valuations (Statutory Net Debt)	0.57%
Total Overall Debt as a Percentage of Said Average Equalized Valuations (Total Overall Debt)	0.97%
Equalized Valuation of Real Property (Year 2009)	<u>\$ 17,219,223,059</u>
Net Debt as a Percentage of Said Assessed Equalized Valuation (Year 2009 Valuation) (Statutory Net Debt)	0.57%

The overlapping debt applicable to Ocean County was computed based upon final Equalized Tax Table.

	Valuations	
	<u>County</u>	<u>Township</u>
Communication Equipment	\$ 135,173,320	\$ 41,433,054
Land	50,288,269,820	10,127,706,650
Improvements	38,865,911,009	7,437,622,792
Deductions	(644,740,427)	(60,372,026)
Additions	<u>21,262,372,005</u>	<u>0</u>
	<u>\$109,906,985,727</u>	<u>\$ 17,546,390,470</u>

Percentage of Equalized Assessed
Valuation 15.964764%

Outstanding Net Debt:
Net Debt as of December 31, 2009
(County Debt) \$ 426,954,510.21

Municipal Share of County Debt
Based on Percentage of Equalized
Valuation \$ 68,162,279.94

¹ Sources: Township of Toms River MUA, Township TY 2010 Annual Debt Statement, Ocean County 2009 Abstract of Ratables, Ocean County 2009 Annual Debt Statement

CURRENT YEAR'S TAX COLLECTION DATA¹

<u>Year</u>	<u>Amount of Levy</u>	<u>Cash Collected Year of Levy</u>	<u>Percentage Collected Year of Levy</u>
2003	\$ 168,638,033.59	\$ 165,316,009.21	98.03%
2004	180,807,948.12	177,199,228.60	98.00
2005	186,578,631.75	182,722,866.04	97.93
2006	200,128,144.50	196,019,650.83	97.94
2007	204,585,917.57	199,333,208.92	97.43
2008	212,485,361.87	207,940,874.78	97.86
2009	219,844,975.90	214,744,286.24	97.67

DELINQUENT TAX COLLECTION DATA²

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2003	\$ 49,483.10	\$ 3,256,652.94	\$ 3,306,136.04	1.96%
2004	59,140.79	3,755,265.27	3,814,406.06	2.11
2005	43,264.77	3,721,142.03	3,764,406.80	2.01
2006	5,622.84	4,112,749.68	4,118,372.52	2.05
2007	19,549.88	5,119,225.62	5,138,775.50	2.51
2008	35,255.05	4,505,322.82	4,540,577.87	2.13
2009	44,253.17	4,809,186.85	4,853,440.02	2.21

TAX TITLE LIENS³

<u>Year</u>	<u>Balance July 1</u>	<u>Added by Interest And Transfers</u>	<u>Sale Collections</u>	<u>Cancelled Transferred</u>	<u>Balance June 30</u>
2003	\$ 66,319.20	\$ 259,988.94	\$ 276,825.04	\$ 0.00	\$ 49,483.10
2004	49,483.10	179,594.92	169,937.23	0.00	59,140.79
2005	59,140.79	10,776.20	25,713.68	938.54	43,264.77
2006	43,264.77	46,213.69	50,968.45	32,887.17	5,622.84
2007	5,622.84	13,961.54	34.50	0.00	19,549.88
2008	19,549.88	18,446.56	2,741.39	0.00	35,255.05
2009	35,225.05	19,207.57	10,209.45	0.00	44,253.17

¹ Source: Township Audit Reports

² Source: Township Audit Reports

³ Source: Township Audit Reports

FORECLOSED PROPERTY¹

<u>Year</u>	<u>Balance July 1</u>	<u>Transfers and Adjustments</u>	<u>Sales Assessed Value</u>	<u>Balance June 30</u>	<u>Cash Received Annual Sales</u>
2003	\$ 4,258,300	---	---	\$ 4,258,300	---
2004	4,258,300	---	---	4,258,300	---
2005	4,258,300	---	---	4,258,300	---
2006	4,258,300	\$ 169,200	---	4,427,500	---
2007	4,427,500	---	---	4,427,500	---
2008	4,427,500	---	---	4,427,500	---
2009	4,427,500	---	---	4,427,500	---

COMPARATIVE TAX RATE AND NET ASSESSED VALUE²

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Tax Rate</u>	<u>Municipal Costs</u>	<u>Regional School Costs</u>	<u>County Costs</u>
2003	\$ 6,106,905,362	2.714	\$ 30,120,551.04	\$ 93,164,041.91	\$ 42,408,968.19
2004	6,195,811,366	2.754	30,669,266.27	95,787,243.72	44,176,135.04
2005	6,270,976,300	2.975	42,078,250.98	97,764,520.52	46,718,773.44
2006	6,291,172,914	3.052	44,038,210.40	99,840,914.15	48,127,472.80
2007	6,361,845,023	3.061	43,595,260.25	101,178,816.99	51,513,661.16
2008	6,457,308,775	3.277	52,713,200.04	105,608,330.68	53,235,299.29
2009	17,606,762,496*	1.232	51,066,150.68	111,706,423.22	54,065,944.81

* Revaluation

¹ Source: Township Audit Reports

² Source: Township Audit Reports

BREAKDOWN OF 2009 RATABLES AND LEVY¹

	<u>Assessed Valuation</u>	<u>Percentage</u>	<u>Percentage Commercial, Apartments and Industrial</u>
Vacant	\$ 336,450,900	1.92%	---
Residential	14,338,219,700	81.63	---
Farm	6,969,600	0.04	---
Commercial	2,568,916,042	14.62	89.08%
Industrial	84,709,600	0.48	2.94
Apartments	<u>230,063,600</u>	<u>1.31</u>	<u>7.98</u>
TOTAL	<u>\$ 17,565,329,442</u>	<u>100.00%</u>	<u>100.00%</u>

(Does not include the taxable value of machinery, implements and equipment of telephone, telegraph and messenger systems companies -- Assessed Valuation in the amount of \$41,433,054).

2009 TAX LEVY²

		<u>Tax Rate</u>
County Taxes	\$ 54,065,944.81	0.308
Regional School Tax	111,706,423.22	0.634
Municipal	<u>51,066,150.68</u>	<u>0.290</u>
	<u>\$ 216,838,518.72</u>	<u>1.232</u>

TAX MATTERS

In the opinion of Bond Counsel, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Bonds and subject to certain provisions of the Code which are described below, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds, interest received by a holder of the Bonds will be excludable from gross income for federal income tax purposes, and will not be treated as a tax preference imposed on individuals or corporations.

The Code contains a number of provisions that apply to the Bonds, including restrictions relating to the use or investment of the proceeds of the Bonds (or facilities financed by such proceeds) and the payment of certain arbitrage earnings in excess of the "yield" on the Bonds to the Treasury of the United States. Non-compliance with such provisions may result in interest on the Bonds not being excludable from gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Township has covenanted to comply with these requirements.

^{1,2}Source: Ocean County 2009 Abstract of Ratables

Section 265(b) of the Code generally denies to institutions any deduction for that portion of interest expense incurred to purchase or carry tax-exempt obligations. An exception is provided certain small issuers who designate the obligations as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code and, provided certain conditions are met, for obligations the proceeds of which refund obligations which were designated as qualified tax-exempt obligations. Such obligations will be subject to a reduced disallowance rule. The Bonds will not be designated by the Township as qualified tax exempt obligations under Section 265(b) of the Code.

Ownership of tax-exempt obligations may also result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

In addition, prospective purchasers should be aware that on May 17, 2006, the President signed into law the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). TIPRA amended Section 6049 of the Code to provide that interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The provision is effective for interest paid on tax-exempt obligations after December 31, 2005, regardless of when the tax-exempt obligations were issued. Pursuant to Notice 2006-93, backup withholding will be required if the bondholder fails to provide a tax identification number. The new reporting requirement does not in and of itself affect or alter the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to Bonds issued prior to enactment. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt Bonds. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Bonds involving either the Bonds or other tax-exempt Bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATION OF THE TAX CONSEQUENCES UNDER THE CODE.

STATE TAXATION

On May 21, 2007, the United States Supreme Court agreed to review the decision of a Kentucky appellate court in the case of *Davis v. Kentucky Dept. of Revenue*, 197 S.W. 3d 557 (2006). The Kentucky Court held that, under the Constitution of the United States, a state may not exempt interest on bonds issued by that state or political subdivisions thereof from state and local taxes unless the state also provides such exemption to interest on bonds issued by other states and political subdivisions. New Jersey law is similar to Kentucky law in question, in that it exempts from state and local taxes interest on bonds issued by the State of New Jersey and its political subdivisions, but not interest on bonds issued by other states or political subdivisions. The outcome of such review, and its impact, if any, on the exemption of the Bonds and interest thereon from state and local taxes in New Jersey, or on the market value of the Bonds, cannot be predicted.

Bond Counsel is of the opinion, based upon existing statutes and judicial decisions, that interest on the Bonds and net gains from the sale of the Bonds are not included as gross income under the New Jersey Gross Income Tax Act. Potential purchasers of the Bonds should consult with their tax advisors in order to understand the tax consequences of ownership of the Bonds under the laws of other states.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE BONDS. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS.

RATING

The Township has applied to Standard & Poor's Ratings Services ("Rating Agency") for a rating on the Bonds. The rating has not yet been assigned as of the date of this Preliminary Official Statement, although the Township expects that the rating will be available in advance of the sale.

The rating will reflect only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Township furnished the Rating Agency with certain information and materials concerning the Bonds and the Township. Generally, the Rating Agency bases its rating on such information and materials and also on such investigations, studies and assumptions that it may undertake independently. There can be no assurance that any such rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission ("Commission") has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE TOWNSHIP EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE BONDS.

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO SUCH DOCUMENTS ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PARTICULAR DOCUMENT, THE FULL TEXT OF WHICH MAY CONTAIN QUALIFICATIONS OF AND EXCEPTIONS TO STATEMENTS MADE HEREIN.

LITIGATION

Upon delivery of the Bonds, the Township shall furnish a certificate of its Attorney, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature, pending or threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. In addition, such opinion shall state that, to the Attorney's knowledge and information, there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the Township or adversely affect the power to levy, collect, and enforce the collection of taxes or other revenues for the payment of the Bonds, which has not been disclosed in this Official Statement.

LEGALITY FOR INVESTMENT

The state and public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds of the Township, including the Bonds, and such bonds are authorized security for any and all public deposits.

CONTINUING DISCLOSURE

Pursuant to the requirements of Rule 15c2-12 ("Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, the Township will deliver concurrently with the delivery of the Bonds a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix C ("Continuing Disclosure Certificate"). The Township has covenanted for the benefit of the Bondholders, in accordance with the provisions of the Continuing Disclosure Certificate, to provide or cause to be provided, in accordance with the requirements of the Rule, certain financial information and operating data to each National Repository and to the appropriate State Depository, if any (as defined in the Continuing Disclosure Certificate). The Township has also covenanted in the Continuing Disclosure Certificate to provide notices of the occurrence of certain enumerated events, if material.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incidental to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of GluckWalrath LLP, Trenton, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix B. Certain legal matters will be passed on for the Township by its Attorney, Kenneth B. Fitzsimmons, Esq., Point Pleasant Beach, New Jersey.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

PREPARATION OF OFFICIAL STATEMENT

GluckWalrath LLP has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the Purchaser of the Bonds, by a certificate signed by the Chief Financial Officer that, to his knowledge, such descriptions and statements, as of the date of the Official Statement and as of the date of closing, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

Hutchins, Farrell, Meyer & Allison, P.A. assisted in the preparation of information from the Township and other sources which the Township considers to be reliable, but the Township makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information contained herein.

NO DEFAULT

There is no record of default in the payment of the principal of or interest on any bonds or notes of the Township.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Christine Manolio, Chief Financial Officer, Township of Toms River, 33 Washington Street, Toms River, New Jersey 08754, telephone (732) 341-1000 or to Hutchins, Farrell, Meyer & Allison, P.A., Financial Advisor, 512 Main Street, Toms River, New Jersey 08754, telephone (732) 240-5600.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

By: _____
Christine Manolio
Chief Financial Officer

Date: _____, 2010

APPENDIX A

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Robert H. Hutchins, CPA, CVA
Eugene M. Farrell, CPA, RMA, CFP
Robert W. Allison, CPA, RMA
Alan E. Meyer, CPA/ABV
Joann DiLieto, CPA

Patrice R. Antonucci, CPA
Thomas L. Stetson, CPA

Monmouth County Office

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Fax: (732) 866-9312

Ocean County Office

512 Main Street • PO Box 1778
Toms River, NJ 08754
(732) 240-5600
Fax: (732) 505-8358

ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor and Members
of the Township Council
Township of Toms River, New Jersey

We have compiled the accompanying Balance Sheets – Regulatory Accounting Basis of the Current Fund, Trust Fund, General Capital Fund, Golf Course Utility Fund, and Ice Rink Utility Fund of the Township of Toms River, County of Ocean, New Jersey ("Township") as of December 31, 2009, and the related Statement of Operations and Changes in Fund Balance – Regulatory Accounting Basis of the Current Fund, Golf Course Utility Fund and Ice Rink Utility Fund for the six months ended December 31, 2009 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

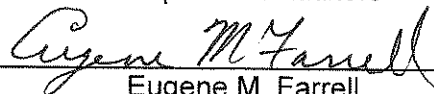
A compilation is limited to presenting in the form of financial statements information that is the representation of the governing body. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express such an opinion or any other form of assurance on them.

The financial statements for the six months ended December 31, 2009 were compiled from information provided by the Township; the statutory audit report has not been filed.

As described in Note 1, the financial statements referred to above have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed of such differences.

Hutchins, Farrell, Meyer & Allison, P.A.

Independent Auditors



Eugene M. Farrell

Registered Municipal Accountant
(#409)

May 26, 2010

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

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REPORT OF INDEPENDENT ACCOUNTANTS ON CONDENSED FINANCIAL STATEMENTS


Honorable Mayor and Members of
the Township Council
Township of Toms River, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the Balance Sheets – Regulatory Accounting Basis of the Current Fund, Trust Fund, General Capital Fund, Golf Course Utility Fund, and Ice Rink Utility Fund of the Township of Toms River, County of Ocean as of June 30, 2006, 2007, 2008 and 2009, and the related Statement of Operations and Changes in Fund Balance – Regulatory Accounting Basis of the Current Fund, Golf Course Utility Fund and Ice Rink Utility Fund for the years ended June 30, 2006, 2007, 2008 and 2009 (none of which is presented separately herein). In our report dated January 12, 2010, we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to differences between those principles and the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and a qualified opinion on a regulatory basis since we were not able to satisfy ourselves as to the value of the Township's Other Post Employment Benefits liability because the Township did not engage an actuary to calculate the liability as required by GASB Statement 45.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Hutchins, Farrell, Meyer & Allison, P.A.

Independent Auditors



Eugene M. Farrell

Registered Municipal Accountant
(#409)

January 12, 2010

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Assets</u>	December 31, 2009 (unaudited)	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Regular Account:					
Cash - Treasurer	\$ 24,881,796.62	\$ 21,055,201.11	\$ 30,840,917.55	\$ 54,646,954.99	\$ 34,963,264.99
Cash - Change Funds	2,150.00	2,150.00	2,150.00	2,150.00	2,150.00
Cash - Petty Cash			544.28		1,500.00
Due From State of New Jersey:					
Seniors/Veterans	32,772.90	671,582.55	692,500.00	727,969.16	748,368.93
	<u>24,916,719.52</u>	<u>21,728,933.66</u>	<u>31,536,111.83</u>	<u>55,377,074.15</u>	<u>35,715,283.92</u>
Receivables and Other Assets With Full Reserves:					
Delinquent Property Taxes Receivable	7,384,212.42	4,808,733.56	4,505,322.82	5,119,225.62	4,112,749.68
Tax Title Liens Receivable	47,417.75	44,253.17	35,255.05	19,549.88	5,622.84
Property Acquired for Taxes - Assessed Value	4,427,500.00	4,427,500.00	4,427,500.00	4,427,500.00	4,427,500.00
Revenue Accounts Receivable	63,325.40	92,426.96	123,390.00	102,782.41	128,663.16
Due From Bond and Interest Fund	5,000.01	5,000.01	5,798.68	138.21	1,487.79
Due From Trust - Other Fund	3,735.67	1,698.99		51,369.44	13,834.12
Due From General Capital Fund		392.11	9,252.80	20,826.01	29,482.62
Due From Federal and State Grant Fund	105,459.55	70,361.86	260,693.12		
Due From Golf Utility Operating Fund			4,347.92		
Due From Animal Control Fund		31,101.93		28,359.81	
	<u>12,036,650.80</u>	<u>9,481,468.59</u>	<u>9,371,560.39</u>	<u>9,769,751.38</u>	<u>8,719,340.21</u>
Deferred Charges:					
Special Emergency Authorizations	528,800.00	1,079,600.00	1,630,400.00	2,181,200.00	2,732,000.00
Emergency Authorization			101,744.35		
	<u>528,800.00</u>	<u>1,079,600.00</u>	<u>1,732,144.35</u>	<u>2,181,200.00</u>	<u>2,732,000.00</u>
Federal and State Grant Fund:					
Federal and State Grants Receivable	1,594,709.30	1,609,910.88	1,748,850.42	1,347,849.12	1,578,550.28
Due From Current Fund				302,106.57	34,043.23
	<u>1,594,709.30</u>	<u>1,609,910.88</u>	<u>1,748,850.42</u>	<u>1,649,955.69</u>	<u>1,612,593.51</u>
Total Assets	<u>\$ 39,076,879.62</u>	<u>\$ 33,899,913.13</u>	<u>\$ 44,388,666.99</u>	<u>\$ 68,977,981.22</u>	<u>\$ 48,779,217.64</u>

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	December 31, 2009 (unaudited)	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
<u>Liabilities, Reserves and Fund Balance</u>					
Regular Account:					
Appropriation Reserves	\$ 1,252,624.09	\$ 1,118,147.09	\$ 2,748,436.21	\$ 590,241.27	\$ 430,138.49
Encumbrances Payable	4,558,922.12	3,750,875.12	3,765,026.82	4,029,033.68	4,779,416.38
Accounts Payable	2,373,756.80	1,285,310.14	1,456,215.13	3,689,877.31	2,287,595.98
Prepaid Taxes	3,231,548.22	359,432.11	267,178.38	561,152.66	694,848.36
Tax Overpayments	544,991.46	854,130.57	669,028.25	629,706.90	520,808.17
Payroll Deductions Payable	171,703.76	124,632.89	9,928.76	19,955.81	16,746.28
Regional School Taxes Payable		2,315,723.68	100,966.86	4,798,795.97	14,842,428.79
Due To State of New Jersey:					
Marriage License Fees	2,400.00	3,425.00	3,700.00	4,025.00	3,245.00
Civil Union Fees Payable	50.00				
Due To Fire Bureau	106.00		106.00	411.00	
Due To General Capital Fund	174,163.11				
Reserve for Sale of Municipal Assets		3,869.00	3,869.00	3,869.00	3,869.00
Disability Insurance Payable	6,438.03				
Construction Code Fees Payable	20,547.00	44,445.00	49,508.00	51,548.00	53,948.34
Fire Construction Code Fees Payable	30,027.00				
County Taxes Payable	164,673.45				
Reserve for Tax Map Revision	110,994.00	110,994.00	110,994.00	110,994.00	110,994.00
Due To Scibal			1,080.26		
County Relocation Lien	1,262.50	1,262.50	1,262.50	1,262.50	1,262.50
Due To Trust - Other Fund			555,281.93		
Due To Federal and State Grant Fund				302,106.57	34,043.23
Open Space Tax Payable				252,500.00	505,500.00
Reserve for Tax Appeals		1,099,137.37	1,194,290.08	194,290.08	194,290.08
Burial Fees Payable	30.00	10.00	1,080.00		
Reserve for Land Use Education Fees	8,895.00	6,945.00	4,173.00		
Special District Taxes Payable			1,594,132.74		
Health Insurance Payable		11,366.37	53,635.06	81,055.26	76,261.17
Special Emergency Notes	1,000,000.00	1,500,000.00	2,000,000.00	2,500,000.00	
Tax Anticipation Notes				20,000,000.00	
Reserve for Garden State Trust Fund	1,449.04	1,449.04	892.96	892.96	892.96
Reserve for Master Plan - Recreation Element	143,038.80	143,038.80	143,038.80	143,038.80	144,000.00
Reserve for Revaluation	367,658.34	392,713.12	484,905.49	560,797.96	605,325.00
	14,169,147.72	13,126,906.80	15,218,730.23	38,525,554.73	25,305,613.73
Reserve for Receivables and Other Assets	12,036,650.80	9,481,468.59	9,371,560.39	9,769,751.38	8,719,340.21
Fund Balance	11,276,371.80	9,681,626.86	18,049,525.95	19,032,719.42	13,141,670.19
	37,482,170.32	32,290,002.25	42,639,816.57	67,328,025.53	47,166,624.13
Federal and State Grant Fund:					
Reserve for Grants:					
Appropriated	1,211,946.53	1,394,704.37	1,155,876.44	1,359,967.52	1,302,548.82
Unappropriated	10,310.00	31,596.50	5,155.00	36,542.71	18,666.66
Due To Current Fund	105,459.55	70,361.86	260,693.12		
Encumbrances Payable	266,993.22	113,248.15	327,125.86	253,445.46	291,378.03
	1,594,709.30	1,609,910.88	1,748,850.42	1,649,955.69	1,612,593.51
Total Liabilities, Reserves and Fund Balance	\$ 39,076,879.62	\$ 33,899,913.13	\$ 44,388,666.99	\$ 68,977,981.22	\$ 48,779,217.64

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
STATUTORY BASIS

	December 31, 2009 (unaudited)	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Revenue and Other Income Realized:					
Fund Balance Utilized	\$ 4,387,024.94	\$ 17,155,000.00	\$ 15,538,400.00	\$ 11,658,710.00	\$ 9,900,000.00
Miscellaneous Revenue Anticipated	15,436,665.16	21,300,098.88	24,360,360.21	23,016,357.88	23,594,535.20
Receipts From Delinquent Taxes and Liens	2,307,696.25	4,174,608.35	4,827,462.75	3,860,214.81	3,712,344.54
Receipts From Current Taxes	113,188,255.80	214,744,286.24	207,940,874.78	199,333,208.92	196,019,650.83
Non-Budget Revenues	461,884.54	962,157.35	908,554.49	1,328,892.66	977,341.20
Other Credits To Income:					
Unexpended Balance of Appropriation					
Reserves	512,975.87	2,556,902.51	555,058.56	356,601.03	2,959,067.01
Cancellation of Accounts Payable	523,576.98		1,427,305.57		
Interfunds Returned	108,554.90	280,092.52	100,693.47	44,804.53	53,096.81
Cancellation of Unappropriated Grant Reserves	2,619.84				
Cancellation of Health Payable		40,283.42			
Cancellation of Grant Appropriations	46,119.56	59,504.40	531,756.23		
Total Revenues	<u>136,975,373.84</u>	<u>261,272,933.67</u>	<u>256,190,466.06</u>	<u>239,598,789.83</u>	<u>237,216,035.59</u>
Expenditures:					
Budget and Emergency Appropriations					
Within "CAPS":					
Operations:					
Salaries and Wages	20,981,261.00	35,177,585.37	34,137,481.22	31,746,924.14	30,464,963.09
Other Expenses	12,035,340.00	25,845,105.88	24,807,854.98	24,846,631.81	13,130,807.33
Statutory Expenditures and Deferred Charges	1,784,760.63	6,138,028.23	2,657,595.72	2,422,161.58	2,308,976.99
Budget and Emergency Appropriations					
Excluded From "CAPS":					
Capital Improvements	611,250.00	675,000.00	2,495,000.00	500,000.00	705,000.00
Operations:					
Salaries and Wages	745,231.31	1,504,409.62	1,530,483.65	1,070,782.15	944,261.39
Other Expenses	1,506,331.85	2,939,591.16	7,096,234.34	4,244,002.20	15,632,242.30
Municipal Debt Service	3,808,773.54	8,841,935.11	10,288,935.73	8,090,543.55	7,585,615.10
Deferred Charges	550,800.00	652,544.35	550,800.00	550,800.00	562,000.00
Judgments				133,664.00	
Regional School Taxes	53,537,487.92	107,823,087.50	96,480,987.88	90,933,250.52	101,406,577.87

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
STATUTORY BASIS

	December 31, 2009 (unaudited)	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Expenditures (continued):					
Special District Taxes - Fire	4,188,568.67	7,380,607.46	7,015,025.56	6,594,177.89	6,467,769.38
Municipal Open Space Taxes	2,154,500.00	970,500.00	967,500.00	957,500.00	940,000.00
County Taxes	27,448,295.15	54,096,118.36	52,992,318.60	49,426,998.09	48,161,454.63
Due To County for Added and Omitted Taxes	164,673.45	315,017.20	297,097.71	408,046.10	385,288.00
Interfund Advanced	114,195.23	108,554.90	280,092.52	100,693.47	44,804.53
Cancellation of Grant Receivables	46,950.41	12,689.41	139,595.97		
Prior Year Taxes Refunded	1,312,315.90				
Prior Year Revenue Refunded	<u>2,868.90</u>	<u>5,058.21</u>		<u>22,855.10</u>	<u>388.75</u>
Total Expenditures	<u>130,993,603.96</u>	<u>252,485,832.76</u>	<u>241,737,003.88</u>	<u>222,049,030.60</u>	<u>228,740,149.36</u>
Excess in Revenue	5,981,769.88	8,787,100.91	14,453,462.18	17,549,759.23	8,475,886.23
Adjustments To Income Before Surplus:					
Expenditures Included Above Which Are By Statute Deferred Charges To Budget of Succeeding Year			<u>101,744.35</u>		<u>2,644,000.00</u>
Statutory Excess in Revenue	5,981,769.88	8,787,100.91	14,555,206.53	17,549,759.23	11,119,886.23
Fund Balance, July 1	<u>9,681,626.86</u>	<u>18,049,525.95</u>	<u>19,032,719.42</u>	<u>13,141,670.19</u>	<u>11,921,783.96</u>
	15,663,396.74	26,836,626.86	33,587,925.95	30,691,429.42	23,041,670.19
Decreased By:					
Utilization as Anticipated Revenue	<u>4,387,024.94</u>	<u>17,155,000.00</u>	<u>15,538,400.00</u>	<u>11,658,710.00</u>	<u>9,900,000.00</u>
Fund Balance, June 30	<u>\$ 11,276,371.80</u>	<u>\$ 9,681,626.86</u>	<u>\$ 18,049,525.95</u>	<u>\$ 19,032,719.42</u>	<u>\$ 13,141,670.19</u>

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

TRUST FUND

CONDENSED COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Assets</u>	December 31, 2009 (unaudited)	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Animal Control Fund:					
Cash - Treasurer	\$ 32,873.24	\$ 89,795.53	\$ 83,780.44	\$ 107,304.44	\$ 14,261.13
Total Animal Control Fund	<u>32,873.24</u>	<u>89,795.53</u>	<u>83,780.44</u>	<u>107,304.44</u>	<u>14,261.13</u>
Trust - Other Fund:					
Cash - Treasurer	15,118,003.34	13,252,291.88	12,799,736.71	11,623,671.41	11,061,892.68
Non-Cash Guaranteed Deposits	7,067,501.22	6,918,425.59	6,917,439.83	6,208,040.33	6,812,765.33
Municipal Open Space Receivable				252,500.00	505,500.00
Due From General Capital Fund				14,352.00	
Due From Current Fund			555,281.93		
Due From HUD	1,014,362.79	613,640.19	599,652.53	587,480.39	598,486.76
Due From HOPWA	<u>199.70</u>	<u>199.70</u>	<u>199.70</u>	<u>199.70</u>	<u>199.70</u>
Total Trust - Other Fund	<u>23,200,067.05</u>	<u>20,784,557.36</u>	<u>20,872,310.70</u>	<u>18,686,243.83</u>	<u>18,978,844.47</u>
Total Assets	<u>\$ 23,232,940.29</u>	<u>\$ 20,874,352.89</u>	<u>\$ 20,956,091.14</u>	<u>\$ 18,793,548.27</u>	<u>\$ 18,993,105.60</u>

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

TRUST FUND

CONDENSED COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	December 31, 2009 (unaudited)	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
<u>Liabilities and Reserves</u>					
Animal Control Fund:					
Due To State Board of Health	\$ 9.80	\$ 156.00	\$ 289.20	\$ 207.00	\$ 343.20
Encumbrances Payable			43,387.00	33,948.63	
Reserve for Animal Control Fund					
Expenditures	32,863.44	58,537.60	39,364.19	44,789.00	13,917.93
Due To Golf Utility Operating Fund			740.05		
Due To Current Fund		31,101.93		28,359.81	
Total Animal Control Fund	<u>32,873.24</u>	<u>89,795.53</u>	<u>83,780.44</u>	<u>107,304.44</u>	<u>14,261.13</u>
Trust - Other Fund:					
Due To Current Fund	3,735.67	1,698.99		51,369.44	13,834.12
Reserve for Street Opening Deposits	154,056.00	139,696.00	134,099.50	109,840.00	111,289.00
Various Reserves - Trust Fund	4,904,694.80	5,034,698.89	5,068,759.81	3,974,481.07	3,596,406.57
Reserve for Developers' Escrow Fund	12,698,950.03	12,512,639.56	13,131,278.01	12,287,792.07	13,220,053.10
Reserve for Interest Due To HUD	273.83	96.50	50.87	195.80	128.78
Reserve for Unemployment					
Compensation Insurance	403.51	147.37	108.80	6,701.88	166.06
Reserve for Joint Insurance Refunds	984,514.35	964,294.19	682,711.71	609,046.95	471,038.87
Reserve for HUD Projects	1,005,431.33	686,876.96	593,099.10	581,969.64	581,782.07
Reserve for HUD Program Income	12,317.01	12,317.01	12,317.01	12,317.01	22,486.65
Reserve for Outside Employment	106,426.51	126,592.42	117,369.22	79,890.22	101,167.96
Reserve for Open Space	3,329,263.98	1,305,499.47	1,132,516.67	972,639.75	860,491.29
Total Trust - Other Fund	<u>23,200,067.02</u>	<u>20,784,557.36</u>	<u>20,872,310.70</u>	<u>18,686,243.83</u>	<u>18,978,844.47</u>
Total Liabilities and Reserves	<u>\$ 23,232,940.26</u>	<u>\$ 20,874,352.89</u>	<u>\$ 20,956,091.14</u>	<u>\$ 18,793,548.27</u>	<u>\$ 18,993,105.60</u>

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

CONDENSED COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	December 31, 2009 (unaudited)	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
<u>Assets</u>					
Cash - Treasurer	\$ 16,081,520.16	\$ 17,314,922.27	\$ 27,909,267.16	\$ 12,719,638.98	\$ 12,949,706.21
Deferred Charges To Future Taxation:					
Funded	67,088,637.81	69,643,234.11	75,875,891.43	42,040,988.85	48,456,477.46
Unfunded	30,986,760.14	30,986,760.14	23,386,760.14	46,034,203.14	38,475,603.14
Due From Current Fund	174,163.11				
NJEIT Receivable				8,501.00	8,501.00
Total Assets	<u>\$ 114,331,081.22</u>	<u>\$ 117,944,916.52</u>	<u>\$ 127,171,918.73</u>	<u>\$ 100,803,331.97</u>	<u>\$ 99,890,287.81</u>
<u>Liabilities, Reserves and Fund Balance</u>					
General Serial Bonds	\$ 66,565,000.00	\$ 69,090,000.00	\$ 75,288,000.00	\$ 41,418,000.00	\$ 47,798,000.00
Contracts Payable	7,389,417.80	9,422,026.45	8,223,327.96	3,006,544.45	8,845,184.35
Improvement Authorizations:					
Funded	2,344,334.18	2,910,244.75	6,782,908.63	2,249,982.37	3,321,107.78
Unfunded	14,978,770.87	20,666,869.64	20,136,301.37	23,556,219.31	22,666,294.12
Capital Improvement Fund	400,869.45	869.45	869.45	869.45	869.45
Due To:					
Current Fund		392.11	9,252.80	20,826.01	29,482.62
Trust Fund				14,352.00	
Bond Anticipation Notes	21,975,000.00	15,175,000.00	15,175,000.00	28,399,080.00	16,340,480.00
NJEIT Loan Payable	523,637.81	553,234.11	587,891.43	622,988.85	658,477.46
Reserve:					
To Pay Bonds			754,308.73	1,265.00	36,265.00
To Pay Notes				1,472,442.50	
Fund Balance	<u>154,051.11</u>	<u>126,280.01</u>	<u>214,058.36</u>	<u>40,762.03</u>	<u>194,127.03</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 114,331,081.22</u>	<u>\$ 117,944,916.52</u>	<u>\$ 127,171,918.73</u>	<u>\$ 100,803,331.97</u>	<u>\$ 99,890,287.81</u>

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

GOLF COURSE UTILITY FUND

CONDENSED COMPARATIVE BALANCE SHEET - STATUTORY BASIS

<u>Assets</u>	December 31, 2009 (unaudited)	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Operating Fund:					
Cash - Treasurer	\$ 375,563.63	\$ 286,704.04	\$ 411,852.24	\$ 592,496.73	\$ 649,024.44
Cash - Change Fund	300.00	300.00	300.00	300.00	300.00
Due From Animal Control Trust Fund			740.05		
Sales Tax Receivable	2,768.75				
Due From Golf Course Utility Capital Fund	<u>239.37</u>	<u>112.15</u>	<u>472.69</u>	<u>2,131.74</u>	<u></u>
	378,871.75	287,116.19	413,364.98	594,928.47	649,324.44
Deferred Charge:					
Expenditure Without An Appropriation	<u>14,450.69</u>	<u></u>	<u></u>	<u></u>	<u></u>
Total Operating Fund	<u>393,322.44</u>	<u>287,116.19</u>	<u>413,364.98</u>	<u>594,928.47</u>	<u>649,324.44</u>
Capital Fund:					
Cash - Treasurer	640,803.01	626,916.24	2,597,908.60	510,622.56	601,507.38
Due From Golf Course Utility Operating Fund					67,487.60
Fixed Capital	2,968,330.75	2,968,330.75	2,968,330.75	2,968,330.75	2,178,953.75
Fixed Capital Authorized and Uncompleted	<u>3,665,615.00</u>	<u>3,665,615.00</u>	<u>3,665,615.00</u>	<u>1,865,615.00</u>	<u>2,654,992.00</u>
Total Capital Fund	<u>7,274,748.76</u>	<u>7,260,861.99</u>	<u>9,231,854.35</u>	<u>5,344,568.31</u>	<u>5,502,940.73</u>
Total Assets	<u>\$ 7,668,071.20</u>	<u>\$ 7,547,978.18</u>	<u>\$ 9,645,219.33</u>	<u>\$ 5,939,496.78</u>	<u>\$ 6,152,265.17</u>

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

GOLF COURSE UTILITY FUND

CONDENSED COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	December 31, 2009 (unaudited)	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
<u>Liabilities, Reserves and Fund Balance</u>					
Operating Fund:					
Appropriation Reserves	\$ 40,971.99	\$ 38,776.02	\$ 103,908.71	\$ 70,289.87	\$ 145,396.18
Due To Golf Course Utility Capital Fund					67,487.60
Sales Tax Payable		3,461.56	3,503.60	3,406.98	2,533.96
Accrued Interest on Bonds	20,226.32	6,075.63	7,425.63	8,711.57	9,937.60
Encumbrances Payable	49,526.96	88,509.77	81,735.49	111,288.48	94,307.82
Due To Current Fund			4,347.92		
Accounts Payable	30,409.77	52,538.20	31,614.58	28,263.72	18,321.55
	141,135.04	189,361.18	232,535.93	221,960.62	337,984.71
Fund Balance	252,187.40	97,755.01	180,829.05	372,967.85	311,339.73
Total Operating Fund	393,322.44	287,116.19	413,364.98	594,928.47	649,324.44
Capital Fund:					
Serial Bonds Payable	555,000.00	580,000.00	715,000.00	845,000.00	970,000.00
Reserve for Amortization	2,923,795.75	2,898,795.75	2,763,795.75	2,633,795.75	2,508,795.75
Deferred Reserve for Amortization	157,660.00	157,660.00	157,660.00	67,660.00	67,660.00
Improvement Authorizations:					
Funded	426,070.04	440,936.04	456,707.44	511,821.16	596,497.96
Unfunded	543,676.23	577,721.45	983,380.01	1,053,007.11	1,287,490.00
Capital Improvement Fund	12,540.00	12,440.00	12,340.00	62,340.00	52,340.00
Due To Golf Course Utility Operating Fund	239.37	112.15	472.69	2,131.74	
Bond Anticipation Notes	2,475,000.00	2,275,000.00	2,275,000.00		
Encumbrances Payable	142,680.83	280,968.96	1,822,039.57	149,248.58	593.05
Fund Balance	38,086.54	37,227.64	45,458.89	19,563.97	19,563.97
Total Capital Fund	7,274,748.76	7,260,861.99	9,231,854.35	5,344,568.31	5,502,940.73
Total Liabilities, Reserves and Fund Balance	\$ 7,668,071.20	\$ 7,547,978.18	\$ 9,645,219.33	\$ 5,939,496.78	\$ 6,152,265.17

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

GOLF COURSE UTILITY OPERATING FUND

CONDENSED COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
STATUTORY BASIS

	December 31, 2009 (unaudited)	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Revenue and Other Income Realized:					
Fund Balance Utilized	\$ 10,000.00	\$ 160,000.00	\$ 268,195.31	\$ 122,000.00	\$ 201,822.97
Miscellaneous Revenue Anticipated	794,591.88	1,407,531.57	1,294,840.90	1,343,870.03	1,327,593.99
Other Credits To Income:					
Unexpended Balance of Appropriation					
Reserves	69,902.87	83,427.39	79,344.75	141,013.31	143,069.31
Accounts Payable Cancelled	4,136.89	672.00	620.86		
Total Revenues	<u>878,631.64</u>	<u>1,651,630.96</u>	<u>1,643,001.82</u>	<u>1,606,883.34</u>	<u>1,672,486.27</u>
Expenditures:					
Operating	647,783.00	1,284,697.50	1,307,885.00	1,197,235.00	1,163,459.00
Capital Improvements	100.00	100.00	40,000.00	10,000.00	70,000.00
Debt Service	49,401.94	226,457.50	158,060.31	157,520.22	136,363.97
Statutory Expenditures and Deferred Charges	31,365.00	63,450.00	61,000.00	58,500.00	54,000.00
Total Expenditures	<u>728,649.94</u>	<u>1,574,705.00</u>	<u>1,566,945.31</u>	<u>1,423,255.22</u>	<u>1,423,822.97</u>
Excess Revenues	149,981.70	76,925.96	76,056.51	183,628.12	248,663.30
Adjustments To Income Before Surplus:					
Deferred Charges To Be Raised in Succeeding Years	<u>14,450.69</u>				
Statutory Excess	164,432.39	76,925.96	76,056.51	183,628.12	248,663.30
Fund Balance, July 1	<u>97,755.01</u>	<u>180,829.05</u>	<u>372,967.85</u>	<u>311,339.73</u>	<u>264,499.40</u>
	262,187.40	257,755.01	449,024.36	494,967.85	513,162.70
Decreased By:					
Utilization as Anticipated Revenue	<u>10,000.00</u>	<u>160,000.00</u>	<u>268,195.31</u>	<u>122,000.00</u>	<u>201,822.97</u>
Fund Balance, June 30	<u>\$ 252,187.40</u>	<u>\$ 97,755.01</u>	<u>\$ 180,829.05</u>	<u>\$ 372,967.85</u>	<u>\$ 311,339.73</u>

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

ICE RINK UTILITY FUND

CONDENSED COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	December 31, 2009 (unaudited)	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
<u>Assets</u>					
Operating Fund:					
Cash - Treasurer	<u>\$ 219,667.67</u>	<u>\$ 222,871.31</u>	<u>\$ 244,760.02</u>	<u>\$ 145,895.83</u>	<u> </u>
Deferred Charge:					
Deficit in Operations	<u> </u>	<u> </u>	<u> </u>	<u>77,058.57</u>	<u> </u>
Total Operating Fund	<u>219,667.67</u>	<u>222,871.31</u>	<u>244,760.02</u>	<u>222,954.40</u>	<u> </u>
Capital Fund:					
Cash - Treasurer	51,500.00	51,000.00	50,500.00	40,000.00	
Due From Ice Rink Utility Operating Fund	<u> </u>	<u> </u>	<u> </u>	<u>10,000.00</u>	<u> </u>
Total Capital Fund	<u>51,500.00</u>	<u>51,000.00</u>	<u>50,500.00</u>	<u>50,000.00</u>	<u> </u>
Total Assets	<u>\$ 271,167.67</u>	<u>\$ 273,871.31</u>	<u>\$ 295,260.02</u>	<u>\$ 272,954.40</u>	<u>\$ 0.00</u>

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

ICE RINK UTILITY FUND

CONDENSED COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	December 31, 2009 <u>(unaudited)</u>	June 30, <u>2009</u>	June 30, <u>2008</u>	June 30, <u>2007</u>	June 30, <u>2006</u>
<u>Liabilities and Reserves</u>					
Operating Fund:					
Appropriation Reserves	\$ 4,961.41	\$ 24,852.58	\$ 38,444.05	\$ 162,406.81	
Encumbrances Payable	70,084.53	76,292.45	31,117.32	50,539.32	
Accounts Payable	16,570.66	7,135.51	727.10		
Sales Tax Payable	12.37	4.76	1.34	8.27	
Due To Ice Rink Utility Capital Fund				10,000.00	
	<u>91,628.97</u>	<u>108,285.30</u>	<u>70,289.81</u>	<u>222,954.40</u>	
Fund Balance	<u>128,038.70</u>	<u>114,586.01</u>	<u>174,470.21</u>		
Total Operating Fund	<u>219,667.67</u>	<u>222,871.31</u>	<u>244,760.02</u>	<u>222,954.40</u>	
Capital Fund:					
Capital Improvement Fund	<u>51,500.00</u>	<u>51,000.00</u>	<u>50,500.00</u>	<u>50,000.00</u>	
Total Capital Fund	<u>51,500.00</u>	<u>51,000.00</u>	<u>50,500.00</u>	<u>50,000.00</u>	
Total Liabilities and Reserves	<u>\$ 271,167.67</u>	<u>\$ 273,871.31</u>	<u>\$ 295,260.02</u>	<u>\$ 272,954.40</u>	<u>\$ 0.00</u>

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

ICE RINK UTILITY FUND

CONDENSED COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
STATUTORY BASIS

	December 31, 2009 (unaudited)	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
Revenue and Other Income Realized:					
Ice Rink Fees	\$ 509,512.00	\$ 1,037,239.30	\$ 990,615.85	\$ 751,106.78	
Miscellaneous Revenue Anticipated	12,613.45	27,393.14	28,170.20	21,384.65	
Deficit (General Budget)			77,058.57		
Cancellation of Accounts Payable	448.10				
Cancellation of Appropriation Reserves			90,000.00		
Lapse of Appropriation Reserves	36,156.64	12,541.93	75,184.16		
Fund Balance Anticipated	40,277.50	65,000.00			
Total Revenues	<u>599,007.69</u>	<u>1,142,174.37</u>	<u>1,261,028.78</u>	<u>772,491.43</u>	
Expenditures:					
Operating	526,800.00	1,021,000.00	964,700.00	764,050.00	
Capital Improvements	500.00	500.00	500.00	50,000.00	
Refund of Prior Year Revenue		77,058.57	8,800.00		
Statutory Expenditures and Deferred Charges	<u>17,977.50</u>	<u>38,500.00</u>	<u>112,558.57</u>	<u>35,500.00</u>	
Total Expenditures	<u>545,277.50</u>	<u>1,137,058.57</u>	<u>1,086,558.57</u>	<u>849,550.00</u>	
Excess/(Deficit) in Revenue	53,730.19	5,115.80	174,470.21	(77,058.57)	
Operating Deficit To Be Raised in the Succeeding Years Budget				<u>77,058.57</u>	
Statutory Excess in Revenue	53,730.19	5,115.80	174,470.21		
Fund Balance, July 1	<u>114,586.01</u>	<u>174,470.21</u>			
	168,316.20	179,586.01	174,470.21		
Decreased By:					
Utilization as Anticipated Revenue	<u>40,277.50</u>	<u>65,000.00</u>			
Fund Balance, June 30	<u>\$ 128,038.70</u>	<u>\$ 114,586.01</u>	<u>\$ 174,470.21</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

BOND AND INTEREST FUND

CONDENSED COMPARATIVE BALANCE SHEET - STATUTORY BASIS

	December 31, 2009 <u>(unaudited)</u>	June 30, <u>2009</u>	June 30, <u>2008</u>	June 30, <u>2007</u>	June 30, <u>2006</u>
<u>Assets</u>					
Cash	<u>\$ 5,000.01</u>	<u>\$ 5,000.01</u>	<u>\$ 5,798.68</u>	<u>\$ 39,410.52</u>	<u>\$ 40,760.10</u>
Total Assets	<u><u>\$ 5,000.01</u></u>	<u><u>\$ 5,000.01</u></u>	<u><u>\$ 5,798.68</u></u>	<u><u>\$ 39,410.52</u></u>	<u><u>\$ 40,760.10</u></u>
<u>Liabilities</u>					
Due To Current Fund Serial Bond and Interest Coupons Payable	<u>\$ 5,000.01</u>	<u>\$ 5,000.01</u>	<u>\$ 5,798.68</u>	<u>\$ 138.21</u> <u>39,272.31</u>	<u>\$ 1,487.79</u> <u>39,272.31</u>
Total Liabilities	<u><u>\$ 5,000.01</u></u>	<u><u>\$ 5,000.01</u></u>	<u><u>\$ 5,798.68</u></u>	<u><u>\$ 39,410.52</u></u>	<u><u>\$ 40,760.10</u></u>

See accompanying notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

The financial statements of the Township of Toms River, County of Ocean, New Jersey ("Township") include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Township, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit and are considered component units under GAAP. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Funds

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with GAAP.

The accounting policies of the Township conform to the accounting principles and practices applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The accompanying financial statements are presented in the format prescribed by the State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and are a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds:

Current Fund - is used to account for all revenues and expenditures applicable to the general operations of Township departments.

General Trust Funds - are used to account for assets held by the Township in a trustee capacity or as an agent for individuals and other governmental agencies. Funds held by the Township which have restrictions placed on the use of such funds are recorded in the Trust Fund.

General Capital Fund - is used to account for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

Golf Course Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned Golf Course Utility.

Ice Rink Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally-owned Ice Rink Utility.

Bond and Interest Fund - accounts for accumulation of resources (mainly provided from Current Fund budget appropriations) for payment of principal and interest on outstanding debt.

General Fixed Assets Account Group - In accordance with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value.

No depreciation is provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital are not accounted for separately.

Property and equipment purchased by the Golf Course Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The Utility does not record depreciation on fixed assets.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services differ in certain respects from GAAP applicable to local government units. The more significant differences follow.

A modified accrual basis of accounting is followed by the Township. Modifications from the accrual basis follow:

Revenues

Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and federal grants for operating purposes are realized as revenues when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Township which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.

Expenditures

- (a) Disbursements for Current Fund inventory-type items are considered expenditures at the time of purchase;
- (b) Prepaid expenses are not recorded;
- (c) Interest on long-term debt included in the General Capital Fund is recorded as an expenditure when paid;
- (d) The encumbrance method of accounting, which records commitments such as purchase orders and contracts as a charge against the current year's budget in addition to expenditures made or accrued, is utilized. The cash basis of accounting, however, is followed for recording the Township's share of contributions for fringe benefits, such as retirement plans, accrued sick leave and vacation leave.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Appropriation reserves are recorded at June 30 for unexpended appropriation balances except for amounts which, according to state statutes, may be cancelled by the governing body. The appropriation reserves are available to satisfy specific claims, commitments or contracts incurred during the preceding fiscal year. At the end of the succeeding fiscal year, the remaining unexpended balances lapse to fund balance through other credits to revenue.

Had the Township's financial statements been prepared under generally accepted accounting principles, the encumbrance method of accounting would be followed for expenditures presently reflected on a paid or charged basis, appropriation reserves would not be recorded, revenues susceptible to accrual would have been reflected without offsetting reserves and inventories would not be reflected as expenditures at the time of purchase.

Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

D. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services in accordance with N.J.S.A. 40A:4 et seq.

E. Grants

Current Fund - State and federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs.

Trust Fund - State and federal grants and assistance awards are dedicated by rider in the Trust Fund. A receivable and corresponding spending reserve are recorded when the grant is awarded.

Capital Fund - State and federal grants and assistance awards are recorded as a funding source for improvement authorizations or are established as receivables with an offsetting reserve.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

1. Summary of Significant Accounting Policies (continued)

F. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Local Unit, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the local unit tax collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

G. Foreclosed Property

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved.

H. Interfund Receivables

Interfund receivables created by cash transfers from the Current Fund are recorded with offsetting reserves created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

I. Deferred Charges to Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the Current Fund budget. As funds are raised, the deferred charges are reduced.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans

Substantially, all Township employees participate in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"). The Division of Pensions and Benefits ("Division") within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the State and, therefore, the actuarial data for the Township is not available. The Division of Pensions issues publicly available financial reports for each of the plans that includes financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, PERS and PFRS bill the Township annually at an actuarially determinable rate for its required contribution. The current rate is 5.0% for PERS and 8.5% for PFRS of annual covered payroll.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
FY2009	\$ 1,321,155.29	\$ 3,437,468.68
FY2008	1,002,200.00	3,153,122.00
FY2007	537,144.43	2,091,186.00

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

1. Summary of Significant Accounting Policies (continued)

K. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits, the State of New Jersey Cash Management Fund and government money market mutual funds through registered broker/dealers and banks. The New Jersey Governmental Unit Deposit Protection Act ("GUDPA") requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

1. Summary of Significant Accounting Policies (continued)

K. Deposits and Investments (continued)

Investments

New Jersey statutes establish the following securities as eligible for the investment of Township funds:

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government Money Market Mutual Funds.
- (c) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (d) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (e) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (f) Local Government Investment Pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).

Repurchase agreements (15.1(a)(8)) must comply with the following conditions:

- (a) The underlying securities are permitted investments, pursuant to the list contained in (a) and (c) above.
- (b) The custody of the collateral is transferred to a third party. This means the bank must contract with a trusted third party to hold the collateral to ensure it is not pledged against any other investments.
- (c) The maturity of the agreement is not more than 30 days.
- (d) The underlying securities are purchased through a GUDPA bank.
- (e) A master repurchase agreement providing for the custody and security of collateral is executed.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

1. Summary of Significant Accounting Policies (continued)

K. Deposits and Investments (continued)

Investments (continued)

Local Government Investment Pools ("LGIP") (15.1(e)(2)) are subject to the following requirements:

- (a) It is managed in accordance with the SEC's government money market rules (2a-7).
- (b) It is rated in the highest category by a nationally recognized statistical rating organization.
- (c) Have their portfolio limited to U.S. Government securities as defined in 2a-7 and repurchase agreements that are collateralized by such U.S. Government securities.

Every local unit must have a Cash Management Plan ("Plan"); the Plan is subject to audit. In addition, when the Plan permits investments for more than one year, the investment must approximate the prospective use of funds. This primarily relates to U.S. securities and local bond issue purchases. The law also requires that cash management plans provide for the CFO to give the governing body a monthly report that summarizes:

- (a) All investments made or redeemed over the past month.
- (b) Each organization holding local unit funds.
- (c) The amount of securities purchased or sold, class or type of securities purchased, book value, earned income, fees incurred, and market value of all investments as of the report date.
- (d) Other information that may be required by the governing body.

The Township is permitted to invest public funds in accordance with N.J.S.A. 40A:5-15.1. These investments include bonds or other obligations of the United States or obligations guaranteed by the United States, Government Money Market Mutual Funds, bond or other obligations of the Township or bonds or other obligations of the school district, local government investment pools, and agreements for the repurchase of fully-collateralized securities, if purchased in accordance with N.J.S.A. 40A:5-15.1.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

1. Summary of Significant Accounting Policies (continued)

L. Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. The costs of inventories are not included on the various balance sheets.

M. Compensated Absences

The Township records expenditures for earned but unused sick leave in the accounting period that the payments are made to the employees pursuant to established personnel policy procedures. GAAP requires that expenditures be recorded in the Governmental (Current) Fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the Enterprise (Golf Course Utility) Fund on a full accrual basis. Unused vacation pay is lost if not taken within six weeks of the subsequent year.

N. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits and short-term investments with original maturities of three months or less. Investments that are available upon demand are considered "cash equivalents".

2. Deposits and Investments

Deposits

The carrying amount of the Township's cash and cash equivalents at June 30, 2009 was \$52,907,152.39, and the bank balance was \$55,177,135.80. Of the bank balance, \$465,946.59 was covered by federal depository insurance, \$3,989,140.09 was on deposit with the State of New Jersey Cash Management Fund, and the remaining \$50,722,049.12 was covered under the unit certificate of eligibility as required by New Jersey statutes.

<u>Depository Account</u>	<u>2009</u>	<u>Bank Balance</u> <u>2008</u>
Insured:		
FDIC	\$ 465,946.59	\$ 310,372.06
Collateralized:		
Held By Third Party:		
New Jersey Cash Management Plan	3,989,140.09	8,326,882.82
GUDPA	<u>50,722,049.12</u>	<u>63,270,220.65</u>
	<u>\$55,177,135.80</u>	<u>\$71,907,475.53</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As of June 30, 2009, the Township's bank balance was not exposed to custodial credit risk.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

3. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2009 consist of the following:

Due to Current Fund from Bond and Interest Fund representing cash advances	\$ 5,000.01
Due to Current Fund from Trust Other Fund representing cash advances	1,698.99
Due to Current Fund from Animal Control Fund representing cash advances	31,101.93
Due to Current Fund from General Capital Fund representing cash advances	392.11
Due to Current Fund from Grant Fund representing cash advances	70,361.86
Due to Golf Course Utility Operating Fund from Golf Course Utility Capital Fund representing cash advances	<u>112.15</u>
	<u>\$ 108,667.05</u>

4. Taxes Receivable

Taxes Receivable as of June 30, 2009 consist of the following:

<u>2009</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 4,497,126.90	\$ 311,606.66	\$ 44,253.17	\$ 4,852,986.73

In 2009, the Township collected \$4,174,608.35 from Delinquent Taxes, which represented 91.94% of the Delinquent Tax Receivable at June 30, 2008.

Taxes Receivable as of June 30, 2008 consist of the following:

<u>2008</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 4,257,710.30	\$ 247,612.52	\$ 35,255.05	\$ 4,540,577.87

In 2008, the Township collected \$4,827,462.75 from Delinquent Taxes, which represented 94.30% of the Delinquent Tax Receivable at June 30, 2007.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

5. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the years 2009 and 2008.

<u>2009</u>	Balance, June 30, <u>2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2009</u>
Land	\$ 69,002,916.00			\$ 69,002,916.00
Buildings	21,575,295.85			21,575,295.85
Improvements To Land and Buildings	5,002,136.15	\$ 1,291,310.89		6,293,447.04
Machinery and Equipment	<u>37,834,543.83</u>	<u>5,278,317.48</u>	<u>\$ 1,322,529.82</u>	<u>41,790,331.49</u>
Total	<u>\$ 133,414,891.83</u>	<u>\$ 6,569,628.37</u>	<u>\$ 1,322,529.82</u>	<u>\$ 138,661,990.38</u>

<u>2008</u>	Balance, June 30, <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2008</u>
Land	\$ 69,017,016.00		\$ 14,100.00	\$ 69,002,916.00
Buildings	15,889,847.07	\$ 5,685,448.78		21,575,295.85
Improvements To Land and Buildings	4,029,687.27	972,448.88		5,002,136.15
Machinery and Equipment	<u>31,635,425.87</u>	<u>6,497,649.52</u>	<u>298,531.56</u>	<u>37,834,543.83</u>
Total	<u>\$ 120,571,976.21</u>	<u>\$ 13,155,547.18</u>	<u>\$ 312,631.56</u>	<u>\$ 133,414,891.83</u>

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

6. Long-Term Debt

The Township's long-term debt consisted of the following at June 30, 2009:

<u>General Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance</u>
General Improvements	06/01/98	\$ 7,110,000.00	4.500%	\$ 2,100,000.00
General Improvements	10/01/00	5,990,000.00	4.800%	1,465,000.00
General Improvements	04/01/02	7,115,000.00	Multiple	2,500,000.00
General Improvements	03/01/04	29,375,000.00	Multiple	24,475,000.00
General Improvements	12/01/07	40,000,000.00	Multiple	<u>38,550,000.00</u>
				<u>\$ 69,090,000.00</u>
<u>Loan</u>		<u>Loan Amount</u>	<u>Interest Rate</u>	<u>Balance</u>
New Jersey Environmental Infrastructure Trust Loan		\$ 370,000.00	Multiple	\$ 295,000.00
New Jersey Environmental Infrastructure Trust Loan		384,766.00	0.000%	<u>258,234.11</u>
				<u>\$ 553,234.11</u>
<u>Golf Course Utility Bonds</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance</u>
Various Improvements	10/01/00	\$ 250,000.00	4.800%	\$ 50,000.00
Various Improvements	04/01/02	440,000.00	Multiple	160,000.00
Various Improvements	03/01/04	625,000.00	Multiple	<u>370,000.00</u>
				<u>\$ 580,000.00</u>

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

6. Long-Term Debt (continued)

Aggregate debt service requirements during the next five years are as follows:

	<u>General Principal</u>	<u>General Interest</u>	<u>Total</u>
2010	\$ 5,425,000.00	\$ 2,627,407.50	\$ 8,052,407.50
2011	5,665,000.00	2,415,247.50	8,080,247.50
2012	5,900,000.00	2,197,987.50	8,097,987.50
2013	4,400,000.00	1,977,125.00	6,377,125.00
2014	4,600,000.00	1,823,375.00	6,423,375.00
2015-2019	23,000,000.00	6,486,125.00	29,486,125.00
2020-2024	<u>20,100,000.00</u>	<u>1,958,625.00</u>	<u>22,058,625.00</u>
Total	<u>\$ 69,090,000.00</u>	<u>\$ 19,485,892.50</u>	<u>\$ 88,575,892.50</u>

	<u>Loan Principal</u>	<u>Loan Interest</u>	<u>Total</u>
2010	\$ 34,168.34	\$ 14,400.00	\$ 48,568.34
2011	33,679.35	13,650.00	47,329.35
2012	33,190.36	12,900.00	46,090.36
2013	40,879.80	12,025.00	52,904.80
2014	40,211.51	11,000.00	51,211.51
2015-2019	199,228.16	39,525.00	238,753.16
2020-2023	<u>171,876.59</u>	<u>10,612.50</u>	<u>182,489.09</u>
Total	<u>\$ 553,234.11</u>	<u>\$ 114,112.50</u>	<u>\$ 667,346.61</u>

	<u>Golf Course Principal</u>	<u>Golf Course Interest</u>	<u>Total</u>
2010	\$ 140,000.00	\$ 19,902.50	\$ 159,902.50
2011	145,000.00	14,752.50	159,752.50
2012	135,000.00	9,865.00	144,865.00
2013	80,000.00	5,100.00	85,100.00
2014	<u>80,000.00</u>	<u>2,700.00</u>	<u>82,700.00</u>
Total	<u>\$ 580,000.00</u>	<u>\$ 52,320.00</u>	<u>\$ 632,320.00</u>

General Capital Serial Bonds are direct obligations of the Township for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Township.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

6. Long-Term Debt (continued)

Summary of Municipal Debt (Excluding
Current and Operating Debt and Type I School Debt)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 84,818,234.11	\$ 91,050,891.43	\$ 70,440,068.85
Golf Course Utility:			
Bonds and Notes	<u>3,577,490.00</u>	<u>2,990,000.00</u>	<u>845,000.00</u>
Total Issued	<u>87,673,234.11</u>	<u>94,040,891.43</u>	<u>71,285,068.85</u>
Less:			
Reserve To Pay Bonds		754,308.73	1,473,707.50
Utility Bonds and Notes	<u>2,855,000.00</u>	<u>2,990,000.00</u>	<u>845,000.00</u>
Total Deductions	<u>2,855,000.00</u>	<u>3,744,308.73</u>	<u>2,318,707.50</u>
Net Debt Issued	<u>84,818,234.11</u>	<u>90,296,582.70</u>	<u>68,966,361.35</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	15,811,760.14	8,211,760.14	17,635,123.14
Golf Course Utility:			
Bonds and Notes	<u>722,490.00</u>	<u>722,490.00</u>	<u>1,287,490.00</u>
	16,534,250.14	8,934,250.14	18,922,613.14
Less:			
Utility Authorization	<u>722,490.00</u>	<u>722,490.00</u>	<u>1,287,490.00</u>
Total Authorized But Not Issued	<u>15,811,760.14</u>	<u>8,211,760.14</u>	<u>17,635,123.14</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 100,629,994.25</u>	<u>\$ 98,508,342.84</u>	<u>\$ 86,601,484.49</u>

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

6. Long-Term Debt (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.59%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 83,597,520.55	\$ 83,597,520.55	
Golf Course Utility Debt	3,577,490.00	3,436,021.40	\$ 141,468.60
General Debt	<u>100,629,994.25</u>		<u>100,629,994.25</u>
	<u>\$ 187,805,004.80</u>	<u>\$ 87,033,541.95</u>	<u>\$ 100,771,462.85</u>

Net Debt \$100,771,462.85 divided by Equalized Valuation per N.J.S.A. 40A:2-2 as amended, \$16,945,538,075.00 = 0.59%.

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3.5% of Equalized Valuation Basis (Municipal)	\$ 593,093,832.63
Less: Net Debt	<u>(100,771,462.85)</u>
Remaining Borrowing Power	<u>\$ 492,322,369.78</u>

Toms River Regional School District

Percentage of valuations apportioned to each municipality - apportioned debt at June 30, 2009:

<u>Municipality</u>	<u>Average Equalized Valuations</u>	<u>Percentage</u>	<u>Serial Bonds Issued and Authorized But Not Issued</u>
Toms River Township	\$ 1,017,531,946.00	5.48	\$ 4,801,127.19
Beachwood Township	16,945,538,075.00	91.31	79,955,901.00
Pine Beach Township	314,323,357.00	1.69	1,483,104.71
So. Toms River Township	<u>279,937,241.00</u>	<u>1.51</u>	<u>1,320,857.11</u>
	<u>\$ 18,557,330,619.00</u>	<u>100.00</u>	<u>\$ 87,560,990.01</u>

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

6. Long-Term Debt (continued)

Calculation of "Self-Liquidating Purpose" - Golf Course Utility per N.J.S. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for the Year			\$ 1,567,531.57
Deductions:			
Operating and Maintenance Costs	\$ 1,348,147.50		
Debt Service	<u>226,457.50</u>		
Total Deductions			<u>1,574,605.00</u>
Deficit in Revenue			<u>\$ (7,073.43)</u>

Calculation of "Self-Liquidating Purpose" - Ice Rink Utility per N.J.S. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for the Year			\$ 1,129,632.44
Deductions:			
Operating and Maintenance Costs			<u>1,025,197.02</u>
Excess in Revenue			<u>\$ 104,435.42</u>

7. Bond Anticipation Notes

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding ten years. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that, on or before the third anniversary date of the original note, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

7. Bond Anticipation Notes (continued)

On June 30, 2009, the Township's outstanding bond anticipation notes issued were as follows:

<u>Description</u>	<u>Ordinance Number</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
<u>General Capital Fund</u>					
Various Improvements	3555-00	06/30/08	06/30/10	1.25%	\$ 250,000.00
Various Improvements	4073-07	06/30/08	06/30/10	1.25%	2,100,000.00
Various Improvements	4114-07	06/30/08	06/30/10	1.25%	475,000.00
General Improvements	4134-08	06/30/08	06/30/10	1.25%	5,225,000.00
Various Improvements	4135-08	06/30/08	06/30/10	1.25%	<u>7,125,000.00</u>
					<u>\$ 15,175,000.00</u>
<u>Golf Course Utility Capital Fund</u>					
Various Capital Improvements	3990-06	06/30/08	06/30/10	1.25%	\$ 400,000.00
Capital Irrigation Improvements	4022-06	06/30/08	06/30/10	1.25%	475,000.00
Capital Irrigation Improvements	4124-07	06/30/08	06/30/10	1.25%	<u>1,400,000.00</u>
					<u>\$ 2,275,000.00</u>

8. Bonds and Notes Authorized But Not Issued

At June 30, 2009, the Township had authorized but not issued bonds and notes of the General Capital Fund totaling \$15,811,760.14 and the Golf Course Utility Capital Fund totaling \$722,490.00.

9. Special Emergency Notes

On August 29, 2008, the Township issued Special Emergency Notes in the amount of \$1,500,000.00, to mature on August 28, 2009 at an interest rate of 2.75%.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

10. Fund Balances Appropriated

The Current Fund balance at June 30, 2009 was \$9,681,626.86 of which \$4,163,000.00 was appropriated and included as anticipated revenue for the year ended June 30, 2010.

The Golf Course Utility Operating Fund balance at June 30, 2009 was \$97,755.01, of which \$10,000.00 was appropriated and included as anticipated revenue for the year ended June 30, 2010.

The Ice Rink Utility Operating Fund balance at June 30, 2009 was \$114,586.01, of which \$40,277.50 was appropriated and included as anticipated revenue for the year ended June 30, 2010.

11. Accrued Sick and Vacation Benefits - Unaudited

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused sick pay. The Township permits its employees to accumulate unused sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. The Township estimated the current cost of such unpaid compensation to be \$8,286,671.96 at June 30, 2009. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

12. Deferred Charges to be Raised in Succeeding Years' Budgets

The following deferred charge is shown on the June 30, 2009 Current Fund Balance Sheet and will be raised in succeeding years' budgets.

Special Emergency Authorizations	<u>\$ 1,079,600.00</u>
----------------------------------	------------------------

13. Post-Employment Retirement Benefits

In addition to the pension and retirement plans described in Note 1, the Township provides post-retirement health benefits for employees who retire after 25 years of service. Benefits consist of full medical coverage, and expenditures are recognized as claims are reported. As of the date of this report, the Township has 174 former employees eligible for and participating in the Post-Retirement Health Benefits Program. The Township's approximate cost in providing post-retirement health benefits is \$2,801,039.28 annually.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

14. Regional School Taxes

Regulations provide for deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township has elected to defer school taxes as follows:

	<u>Regional School Tax</u>	
	<u>2009</u>	<u>2008</u>
Balance of Tax	\$ 18,614,519.65	\$ 16,399,762.83
Deferred	<u>16,298,795.97</u>	<u>16,298,795.97</u>
Tax Payable	<u>\$ 2,315,723.68</u>	<u>\$ 100,966.86</u>

15. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.). The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. All funds collected from employees are transmitted to the state for this period. The Reserve for Unemployment Compensation Insurance at June 30, 2009 totaled \$147.37.

17. Contingent Liabilities

Federal and State Grants

The Township receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of June 30, 2009, the Township estimates that no material liabilities will result from such audits.

TOWNSHIP OF TOMS RIVER
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Year ended June 30, 2009

17. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omission; injuries to employees; and natural disaster. The Township is a member of the Ocean County Municipal Joint Insurance Fund ("JIF"). This public entity risk pool is both an insured and self-administered group of 30 municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability, and workmen's compensation. The JIF will be self-sustaining through member premiums. The JIF participates in the Municipal Excess Liability Insurance program which has a contract for excess liability insurance for property. The Fund also purchased an excess Faithful Performance and Employee Dishonesty Bond.

18. Rehabilitation Loan Program

The Township is participating in a Housing Rehabilitation Program funded by a Community Development Block Grant. These loans are forgiven should the participant remain in the dwelling for a period of six years after the individual executes the loan agreement. The amount of loans outstanding as of June 30, 2009 is approximately \$864,641.35.

TOWNSHIP OF TOMS RIVER GENERAL CAPITAL BOND MATURITY SCHEDULE

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YEAR	EXISTING DEBT SERVICE			NEW DEBT SERVICE			TOTAL DEBT SERVICE SCHEDULE			
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2010	5,640,000.00	2,523,382.50	8,163,382.50			0.00	5,640,000.00	2,523,382.50	8,163,382.50	
2011	5,775,000.00	2,305,706.25	8,080,706.25	1,800,000.00		1,800,000.00	7,575,000.00	2,305,706.25	9,880,706.25	
2012	5,950,000.00	2,088,025.00	8,038,025.00	1,900,000.00		1,900,000.00	7,850,000.00	2,088,025.00	9,938,025.00	
2013	4,400,000.00	1,900,250.00	6,300,250.00	2,100,000.00		2,100,000.00	6,500,000.00	1,900,250.00	8,400,250.00	
2014	4,600,000.00	1,740,312.50	6,340,312.50	2,425,000.00		2,425,000.00	7,025,000.00	1,740,312.50	8,765,312.50	
2015	4,600,000.00	1,568,875.00	6,168,875.00	2,800,000.00		2,800,000.00	7,400,000.00	1,568,875.00	8,968,875.00	
2016	4,600,000.00	1,392,125.00	5,992,125.00	3,400,000.00		3,400,000.00	8,000,000.00	1,392,125.00	9,392,125.00	
2017	4,600,000.00	1,208,125.00	5,808,125.00	3,600,000.00		3,600,000.00	8,200,000.00	1,208,125.00	9,408,125.00	
2018	4,600,000.00	1,024,125.00	5,624,125.00	3,600,000.00		3,600,000.00	8,200,000.00	1,024,125.00	9,224,125.00	
2019	4,600,000.00	840,125.00	5,440,125.00	3,600,000.00		3,600,000.00	8,200,000.00	840,125.00	9,040,125.00	
2020	4,600,000.00	656,125.00	5,256,125.00	3,600,000.00		3,600,000.00	8,200,000.00	656,125.00	8,856,125.00	
2021	4,600,000.00	472,125.00	5,072,125.00			0.00	4,600,000.00	472,125.00	5,072,125.00	
2022	4,600,000.00	288,125.00	4,888,125.00			0.00	4,600,000.00	288,125.00	4,888,125.00	
2023	1,700,000.00	104,125.00	1,804,125.00			0.00	1,700,000.00	104,125.00	1,804,125.00	
2024	1,700,000.00	35,062.50	1,735,062.50			0.00	1,700,000.00	35,062.50	1,735,062.50	
TOTAL	66,565,000.00	18,146,613.75	84,711,613.75	28,825,000.00	0.00	28,825,000.00	95,390,000.00	18,146,613.75	113,536,613.75	

TOWNSHIP OF TOMS RIVER GOLF UTILITY BOND MATURITY SCHEDULE

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YEAR/HALF	EXISTING DEBT SERVICE			NEW DEBT SERVICE			TOTAL DEBT SERVICE SCHEDULE			
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2010	140,000.00	17,327.50	157,327.50			0.00	140,000.00	17,327.50	157,327.50	
2011	120,000.00	12,008.75	132,008.75	150,000.00		150,000.00	270,000.00	12,008.75	282,008.75	
2012	135,000.00	7,482.50	142,482.50	175,000.00		175,000.00	310,000.00	7,482.50	317,482.50	
2013	80,000.00	3,900.00	83,900.00	200,000.00		200,000.00	280,000.00	3,900.00	283,900.00	
2014	80,000.00	1,350.00	81,350.00	225,000.00		225,000.00	305,000.00	1,350.00	306,350.00	
2015			0.00	250,000.00		250,000.00	250,000.00	0.00	250,000.00	
2016			0.00	275,000.00		275,000.00	275,000.00	0.00	275,000.00	
2017			0.00	300,000.00		300,000.00	300,000.00	0.00	300,000.00	
2018			0.00	300,000.00		300,000.00	300,000.00	0.00	300,000.00	
2019			0.00	300,000.00		300,000.00	300,000.00	0.00	300,000.00	
2020			0.00	300,000.00		300,000.00	300,000.00	0.00	300,000.00	
TOTAL	555,000.00	42,068.75	597,068.75	2,475,000.00	0.00	2,475,000.00	3,030,000.00	42,068.75	3,072,068.75	

APPENDIX B

*An opinion in substantially the following form
will be delivered at Closing, assuming no
material changes in facts or law.*

_____, 2010

Township Council of the
Township of Toms River, in the
County of Ocean, New Jersey

Re: Township of Toms River, in the County of Ocean, New Jersey
\$28,825,000 General Improvement Bonds, Series 2010A
\$ 2,475,000 Golf Utility Improvement Bonds, Series 2010B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Toms River, in the County of Ocean, New Jersey (the "Township") of its \$28,825,000 General Improvement Bonds, Series 2010A (the "Series A Bonds") and \$2,475,000 Golf Utility Improvement Bonds, Series 2010B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds"). The Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township is available to pay the principal of and interest on the Bonds. The Bonds are registered as to principal and interest, are issued in fully registered form, and are dated the date of delivery, mature on June 15 in the amounts and in each of the years, and bear interest at the rates set forth in the tables below:

Year (6/15)	General Improvement Bonds, Series 2010A	Golf Utility Improvement Bonds, Series 2010B	Interest Rate
2011	\$1,800,000	\$ 150,000	
2012	1,900,000	175,000	
2013	2,100,000	200,000	
2014	2,425,000	225,000	
2015	2,800,000	250,000	
2016	3,400,000	275,000	
2017	3,600,000	300,000	
2018	3,600,000	300,000	
2019	3,600,000	300,000	
2020	3,600,000	300,000	

The Bonds will be initially issued in book-entry form only in the form of one certificate for the aggregate principal amount of Bonds of each series maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$1,000 or any integral multiple of \$1,000 in excess thereof through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), a resolution adopted by the Township Council on May 25, 2010 (the "Resolution") and (i) in the case of the Series A Bonds, Bond Ordinances numbered 3555-00, 3989-06, 4073-07, 4114-07, 4134-08, 4135-08, 4188-09 and 4246-10 (the "General Improvement Ordinances") and (ii) in the case of the Series B Bonds, Bond Ordinances numbered 3990-06, 4022-06 and 4124-07 (the "Golf Ordinances", and together with the General Improvement Ordinances, the "Ordinances"). The Series A Bonds are issued for the purpose of financing general improvements and purposes as set forth in the General Improvement Ordinances, and to pay a portion of the costs of issuing the Bonds. The Series B Bonds are issued for the purpose of financing general golf utility improvements as set forth in the Golf Ordinances, and to pay a portion of the costs of issuing the Bonds.

The Bonds are subject to optional redemption prior as to maturity as provided in the Resolution.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds, including (a) copies of the Resolution and the Ordinances; (b) such matters of law, including, *inter alia*, the Act and the Internal Revenue Code of 1986, as amended (the "Code"); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized, issued, executed and sold by the Township; the Resolution and the Ordinances have been duly authorized and adopted by the Township; and the

Bonds, the Resolution and the Ordinances are legal, valid and binding obligations of the Township enforceable in accordance with their respective terms.

2. Assuming continuing compliance by the Township with the provisions of the Code applicable to the Bonds, and subject to certain provisions of the Code, under laws, regulations, rulings and judicial decisions existing on the date of original issuance of the Bonds, interest received by a holder of the Bonds will be excludable from gross income for federal income tax purposes and will not be treated as a preference item for purposes of the alternative minimum tax imposed individuals or corporations. However, interest on the Bonds may become taxable retroactively if certain requirements of the Code are not complied with.

3. Under the laws of the State of New Jersey as enacted and construed on the date of original issuance of the Bonds, interest on the Bonds and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.

4. The power and obligation of the Township to pay the Bonds is unlimited, and the Township shall be required to levy *ad valorem* taxes upon all taxable real property within the Township for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 2 and 3 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds.

GLUCKWALRATH LLP

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Toms River, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$28,825,000 principal amount of its General Improvement Bonds, Series 2010A (the "Series A Bonds") and \$2,475,000 principal amount of its Golf Utility Improvement Bonds, Series 2010B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to various bond ordinances (the "Ordinances") duly adopted by the Township Council of the Issuer (the "Council") and a resolution duly adopted by the Council on May 25, 2010 (the "Resolution"). The Bonds are dated their date of delivery. The Bonds shall mature on June 15 in the years 2011 through 2020, inclusive. The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bondholder" shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the MSRB pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the MSRB pursuant to Section 3(c) hereof.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Issuer's fiscal year, commencing with the Annual Report for the fiscal year ending December 31, 2010, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on the MSRB's Internet website, or that has been filed with the SEC.

(b) Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of

the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. The financial information and operating data set forth in the Official Statement dated _____, 2010 prepared in connection with the sale of the Bonds under the following captions under the heading "GENERAL INFORMATION OF THE TOWNSHIP OF TOMS RIVER, IN THE COUNTY OF OCEAN, NEW JERSEY": "Growth Development and Planning", "Largest Taxpayers - 2009", "Statement of Bonded Indebtedness", "Overlapping Debt", "Current Year's Tax Collection Data", "Delinquent Tax Collection Data", "Tax Title Liens", "Foreclosed Property", "Comparative Tax Rate and Net Assessed Value" and "Breakdown of 2009 Ratables and Levy".

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. modifications to rights of Bondholders;
8. optional, contingent or unscheduled Bond calls;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds;
and
11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Resolution.

Section 6. Documents to be Provided in Electronic Format and Accompanied by Identifying Information. The Issuer agrees that each Annual Report and each notice pursuant to Section 5(a), 7 and 9 hereof shall be provided to the MSRB in an electronic format as prescribed by the MSRB, and that all documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, 5(a) or 6, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit

of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2010

TOWNSHIP OF TOMS RIVER, IN THE
COUNTY OF OCEAN, NEW JERSEY

By: _____
Chief Financial Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Township of Toms River, in the County of Ocean, New Jersey

Name of Bond Issue: \$28,825,000 General Improvement Bonds, Series 2010A
\$2,475,000 Golf Utility Improvement Bonds, Series 2010B

Date of Issuance: June 29, 2010

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated _____, 2010. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

TOWNSHIP OF TOMS RIVER, IN THE COUNTY OF OCEAN,
NEW JERSEY

By: _____
Name:
Title: