

PRELIMINARY OFFICIAL STATEMENT DATED JULY 27, 2010

**TOWNSHIP OF OCEAN,
NEW JERSEY**

**\$4,850,000 General Obligation Bonds
(Book-Entry Only)
(Callable)
(Bank Qualified)
(Parity Bid)
(Sure Bid)**

Dated: Date of Delivery

Due: August 1 as shown
on the inside cover page

This Official Statement has been prepared by the Township of Ocean (the "Township") to provide information on the \$4,850,000 General Obligation Bonds (the "Bonds"). Selected information is presented on this cover page including the following page) for the convenience of the user. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety.

<i>Bond Rating</i>	Moody's: (Applied for)
<i>Tax Exemption</i>	Interest is exempt from federal income taxation. Interest is not includable when calculating the federal personal alternative minimum tax. Interest is included when calculating the federal alternative minimum tax on corporations. Interest and any gain from the sale of the Bonds are not includable as gross income under the New Jersey Gross Income Tax Act.
<i>Redemption</i>	The Bonds are subject to redemption prior to their stated maturities as more fully described herein.
<i>Security</i>	General obligations of the Township.
<i>Purpose</i>	To finance various capital improvements as more fully described herein.
<i>Denominations</i>	Multiples of \$1,000.
<i>Interest Payment Dates</i>	February 1, 2011 and semiannually thereafter on the first days of February and August in each year until maturity.
<i>Interest Rates per Annum</i>	See inside cover page.
<i>Bond Counsel</i>	Lomurro, Davison, Eastman & Munoz, P.A.
<i>Closing/ Settlement</i>	On or about August 13, 2010.
<i>Book-Entry-Only</i>	The Depository Trust Company.
<i>Issuer Contact</i>	Christine Thorne, Chief Financial Officer Township of Ocean 609.693.3302

**ELECTRONIC PROPOSALS SUBMITTED VIA THE PARITY ELECTRONIC
BIDDING SYSTEM WILL BE ACCEPTED UNTIL 11:30 A.M.
ON THE BONDS ON WEDNESDAY, AUGUST 4, 2010
FOR MORE INFORMATION ON HOW TO BID,
PLEASE REFER TO THE ENCLOSED NOTICE OF SALE**

**TOWNSHIP OF OCEAN,
NEW JERSEY**

\$4,850,000 General Obligation Bonds

**(Book-Entry Only)
(Callable)
(Bank Qualified)
(Parity Bid)
(Sure Bid)**

**MATURITIES, INTEREST RATES AND YIELDS ON THE
BONDS**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2011	\$250,000	%	%
2012	\$260,000		
2013	\$270,000		
2014	\$280,000		
2015	\$290,000		
2016	\$300,000		
2017	\$310,000		
2018	\$320,000		
2019	\$330,000		
2020	\$345,000		
2021	\$350,000		
2022	\$365,000		
2023	\$385,000		
2024	\$390,000		
2025	\$405,000		

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

MAYOR AND TOWNSHIP COMMITTEE

Joseph Lachawiec, Mayor
Dennis F. Tredy
Christina Wetter

Chief Financial Officer
Christine Thorne

Township Clerk
Diane B. Ambrosio

Tax Collector
Kammie Lynn Verdolina

Township Attorney
Dasti, Murphy, McGuckin, Ulaky, Cherkos & Connors

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

Bond Counsel
Lomurro, Davison, Eastman & Munoz, P.A.

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

No dealer, broker, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been derived from the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and it is not to be construed as a representation as to information from sources other than itself, by the Township. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by references 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 obtained from 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 the Official Statement.

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

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OFFICIAL STATEMENT

TOWNSHIP OF OCEAN COUNTY OF OCEAN, NEW JERSEY

\$4,850,000 GENERAL OBLIGATION BONDS

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Ocean, 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 \$4,850,000 General Obligation Bonds (the "Bonds"). 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 the date of delivery and will mature on the dates and in the principal amounts set forth on the cover page hereof. The Bonds shall bear interest from the date of delivery, payable as of each February 1 and August 1, commencing February 1, 2011 (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 January 15 and July 15 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 bonds in the form of one certificate for each maturity of the Bonds and in the principal amount of such maturity. The Bonds will be issued in book-entry form only and in multiples of \$1,000. 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.

The successful bidder may, at its sole expense, elect to obtain a municipal bond insurance policy in respect of the Bonds or any portion thereof.

AUTHORIZATION AND PURPOSE OF THE ISSUE

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1 et seq.), and the acts amendatory thereof and supplemental thereto, and a resolution of the Township adopted on July 8, 2010, and the various bond ordinances of the Township set forth below, to provide for the refunding of \$4,876,100 Bond Anticipation Notes due on September 8, 2010, together with \$26,100 being paid down with funds on hand, as described below:

<u>Ord. No.</u>	<u>Purpose</u>	<u>Principal Amount of Bonds to be Issued</u>
2003-44	Acquisition of Land and Related Expenses	\$ 282,350
2004-30	Acquisition of Land and Related Expenses	547,516
2005-14	Acquisition of Land and Related Expenses	122,384
2005-18	Contribution to NJ DEP re Acquisition of Land	719,500
2006-27	Various Improvements	887,800
2006-28	Various Road and Drainage Improvements	408,150
2007-17	Road and Drainage Improvements	500,000
2007-19	Acquisition of Equipment and Machinery	209,300
2007-20	Improvements to Municipal Structures	458,600
2009-06	Acquisition of Emergency Medical Vehicle	<u>144,400</u>
		<u>\$ 4,280,000</u>
<u>Ord. No.</u>	<u>Purpose</u>	<u>Principal Amount of Bonds to be Issued</u>
2008-15	Improvements to Various Water Wells	<u>\$ 570,000</u>

REDEMPTION

The Bonds maturing on or after August 1, 2021 are redeemable at the option of the Township in whole or in part, on any day on or after August 1, 2020 at a redemption price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

NOTICE OF REDEMPTION

Notice of Redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty days, nor more than sixty days, prior to the date fixed for redemption, at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed Bond Registrar. If the Township determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by such method as the Township shall determine.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption and no further interest shall accrue beyond the redemption date.

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 under the Local Bond Law 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.

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 a statement of capital undertakings underway or projected for a period not greater than the next ensuing six years as a general improvement 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 which 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 of financing or from the annual operating budget if the terms were detailed.

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" or operating budget.

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

Chapter 44 of P.L. 2010 (enacted July 13, 2010) has amended P.L. 2007, c. 62, which imposes limitations on increases in the property tax levies of municipalities, counties and fire districts ("Local Units"). The new law limits such increases to 2.0% annually instead of the prior CAP which was 4.0% annually. There are a number of exceptions from the annual CAP, including in particular, all present and future debt service on bonds or notes heretofore and hereafter by Local Units, including the Township. The Tax Levy CAP does not limit the obligation of the Township to levy ad valorem taxes upon all the 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 Committee. 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 Committee 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 0.92%. 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.

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 the minimum amount required for the first year's principal payment for a bond issue.

PENSION PLAN

Employees of the Township of Ocean who are eligible for a pension plan are enrolled in one of two pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The two state-administered plans are: The Public Employees' Retirement System and the Police and Firemen's Retirement System. 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.

The Defined Contribution Retirement Program (the "DCRP") was established on July 1, 2007 for certain public employees 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. This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer through investment earnings. Contributions made by employees are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

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

GENERAL INFORMATION

The Township of Ocean ("Township") was established in the year of 1876 and encompasses 21 square miles in southern Ocean County. It is situated along the Barnegat Bay and connected to the Atlantic Ocean via the main channel to Barnegat Inlet, which includes Sedge Islands and Sea Dog Islands as part of the Township. The Garden State Parkway, which runs north and south through the center of the Township, provides access to the New York metropolitan area and to Atlantic City; County Road Route 532, also known as Wells Mills Road, connects to State Highway 72 West and Route 70 West, which provides a direct route to Philadelphia.

LOCAL GOVERNMENT

The Governing Body of the Township consists of three (3) Members, all of whom are elected by the people of the community. They are the Township Committee, and each Member is elected for a three-year term (staggered terms) and a Chairman, also known as the Mayor, is selected by the Township Committee at its Reorganization Meeting in January of each year. The Township Committee must reorganize by January 7 of each year.

The Township Committee meets on the second and fourth Thursday of each month for regular and caucus agenda meetings. Both meetings are open to the public in compliance with New Jersey's Sunshine Law. The public's role at both the regular and caucus meetings are given an opportunity to speak on proposed ordinances and resolutions. There is also an opportunity at those meetings for citizens to address the Township Committee on matters of concern to him or her.

TRANSPORTATION

Bus Service

The Township is served by New Jersey Transit.

Air Service

Airport passenger service is available at Atlantic City (40 miles south), Philadelphia (65 miles west), and Newark (65 miles north). An airport at Ocean County Air Park (20 miles) provides non-scheduled air taxi service to all metropolitan New York and Philadelphia airports.

Public Highways

The Garden State Parkway provides the Township with a direct route north to the New York metropolitan area and south to Atlantic City. County Route 532 and State Highways 72 and 70 provide an eastern route to Philadelphia.

EDUCATION

Public Schools

The Township operates two (2) elementary schools – Waretown Elementary School, grades K-3, and Frederic A. Priff School, grades 4-6. One sending district with the Southern Regional Board of Education, namely, Southern Regional Middle School and Southern Regional High School, located in Manahawkin, New Jersey.

Enrollment in these schools for the school year 2009/10 are:

Local Schools:	
Waretown Elementary	335
Frederic A. Priff	204

Middle and High Schools:	
Southern Regional	<u>441</u>

Total	<u>980</u>
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Colleges and Universities

Rutgers University – Camden
Ocean County Community College
Monmouth University
Richard Stockton College of New Jersey
Georgian Court University

PUBLIC SAFETY

Police Services

The Township is served by a well-trained public safety Police Department.

The Township Police Department is comprised of 19 police officers and 14 non-uniformed employees. These officers are equipped with modern and scientific crime-fighting equipment.

Health Care Facilities

Health services for Southern Ocean County are provided by the Southern Ocean County Hospital, a 134-bed hospital located within the Township of Stafford, Manahawkin, New Jersey, which is 10 miles from the Township. This health site is adjacent to two existing nursing facilities with 120 and 130 beds, respectively.

Volunteer First Aid Services

Volunteer first aid and ambulance service to the Township residents, as well as residents in surrounding communities, is provided by the Township of Ocean - Waretown First Aid Squad, Inc. and EMS services on a 24-hour basis.

Funding for the First Aid service operations is by solicitations from the public, as well as an annual Fund drive and an annual appropriation from the Township. The Township maintains one facility for use by the Squad in responding to calls on a timely basis.

Volunteer Fire Department Services

The all-volunteer Fire Department maintains one firefighting company and one firehouse within the Township on a round-the-clock schedule. The firehouse is centrally-located and enables the firefighters to quickly answer any calls.

All firefighting apparatus and equipment are of the latest design. In addition, a continuous training program keeps the firefighting personnel abreast of the latest techniques.

MUNICIPAL OPERATIONS

Municipal services are provided by approximately 118 employees, with personnel supervision provided by each Department Head.

Financial/Tax Assessing

The Township's Finance and Tax Departments have been fully-computerized since 1988. All assessments are continuously updated by the Township's Assessing Department employees to reflect current values. The Township is responsible for the levying and collection of taxes on all taxable properties within its borders, including the tax levies for the county and school districts.

Property taxes are based on the municipality assessor's valuation of real property, as confirmed by the Tax Board of the County in which the municipality is situated, and are levied for the calendar 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. A municipality remits 100% of county taxes, payable quarterly on the 15th day of February, May, August and November. The school districts receive payments based on funding needs.

Tax bills for the second half of the current year's levy and an estimate, based on 50% of the levy for the first half of the following year, are mailed annually in June and are due in quarterly installments in the first day of August and November of the current year, and February and May of the following year. Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500 and, if a delinquency is in excess of \$10,000 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 or any municipal lien on real property are subject to a tax sale as of the 11th day of the 11th month in the fiscal year, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceeding in order to enforce tax collections or acquire title to the property.

UTILITY INFORMATION

Public water and sewage service is provided by the Ocean Township Water and Sewer Utility Departments.

Natural gas is provided by New Jersey Natural Gas Company; electricity is provided by Jersey Central Power & Light Company.

CONSTRUCTION COMPLETED JANUARY, 2005 TO DATE

The following table presents the commercial and industrial buildings which have been completed since January, 2005:

<u>Name of Company</u>	<u>Planned Use</u>	<u>Construction (sf)</u>
Waretown Oaks	Landscape/Mixes Use	16,132
Oceannaire	Residential	550 units
Omnipoint	Cell Tower	
Cellco	Cell Tower	
Ocean Memorial Park	Mausoleum	15,460
Ocean Holdings (Sonic)	Fast Food	1,728
Light House Plaza	Strip Store	7,052
Ocean Point Plaza	Mixed Use	20,318
Coastal Redevel. Bldg. 3	Strip Store	6,600
Coastal Redevel. Bldg. 2	Strip Store	6,542
Coastal Redevel. Bldg. 1	Strip Store	10,530
Coastal Redevel. Shoprite	Supermarket	61,496
Coastal Redevel. Ocean First	Bank	3,091
CVS	Retail Store	14,598
Oceannaire Clubhouse	Assembly	64,600

Note: The above information was supplied by the Construction Official's Office, Township of Ocean

PLANNING BOARD/ZONING BOARD APPROVAL

The following commercial and industrial establishments have received Planning/Zoning Board approval (2005 to date) for substantial construction improvements as indicated below:

<u>Name of Company</u>	<u>Planned Use</u>	<u>Construction (sf)</u>
Waretown Oaks, LLC	Landscaping/Mixes Use	16,132
MSC-Morey Pl. Rd.	Major Residential Subdivision	6 sfd
US Home Section 5	Major Residential Subdivision	134 lots
Omnipoint	Cell Tower	
Cellco	Cell Tower	
Ocean Holdings (Sonic)	Fast Food/Drivethru	1,728
US Home Section 7	Major Residential Subdivision	152 lots
US Home Section 8	Major Residential Subdivision	90 lots

Note: The above information was supplied by the Planning Department, Township of Ocean

POPULATION TRENDS

1950 Federal Census	520
1960 Federal Census	921
1970 Federal Census	2,222
1980 Federal Census	3,731
1990 Federal Census	5,416
2000 Federal Census	6,450
2003 County Census	7,214
2008 County Census	8,993

LARGEST TAXPAYERS - 2009

<u>Property Owner</u>	<u>2009 Assessed Valuation</u>	<u>Real Estate Taxes Paid 01/01/09-12/31/09</u>
US Home Corp.	\$ 20,306,900	\$ 312,320.12
Individual Taxpayer 1	5,734,200	88,192.00
Individual Taxpayer 2	4,920,900	75,683.44
Makres Family LLC	4,219,000	64,888.22
Individual Taxpayer 3	2,579,200	39,668.10
Coastal Redevelopment	2,332,800	35,878.46
Lennar Corp.	2,319,900	35,680.06
CVS	2,263,700	34,815.71
Vasen LLC	2,085,600	32,076.53
Ocean Memorial Plaza LLC	2,033,600	31,276.77

Source: Tax Assessor's Office, Township of Ocean

LARGEST EMPLOYERS – 2009

<u>Employer</u>	<u>Type of Business</u>	<u>No. of Employees</u>
Shoprite	Retail	177
Township of Ocean BOE	Education	126
Township of Ocean	Local Government	118
Waste Management	Garbage Disposal	55
Greenbriar Oceannaire	Residential Service	40
Meticulous Landscaping	Landscaping	32
CVS	Pharmacy	25
Wa-Wa	Convenience Store	22
Ocean County – Park Service	Park Service	18
Clayton Block	Construction	16
Lighthouse Tavern	Restaurant	16
Waretown Post Office	Postal Service	13

Source: Finance Office, no official business registration is maintained by the Township

STATEMENT OF BONDED INDEBTEDNESS
As of December 31, 2009

GROSS DEBT

School Debt

Serial Bonds:

Issued and Outstanding	\$	8,855,000
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Water Utility Debt

Serial Bonds:

Issued and Outstanding	\$	3,699,000
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Bond Anticipation Notes:

Issued		1,500,000
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Authorized but not Issued		570,000
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Other:

Issued		392,020
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Authorized but not Issued		<u>1,870,000</u>
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8,031,020

Sewer Utility Debt

Serial Bonds:

Issued and Outstanding		411,000
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Municipal Debt

Serial Bonds:

Issued and Outstanding		4,729,000
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Bond Anticipation Notes		6,307,805
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Bonds/Bond Anticipation Notes

Authorized But Not Issued		1,445,000
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Green Trust Loans		<u>648,000</u>
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13,129,805

TOTAL GROSS DEBT

30,426,825

DEDUCTIONS

For School Purposes	8,855,000	
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Water Utility Debt	8,031,020	
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Sewer Utility Debt	411,000	
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Excess Financing	<u>25,000</u>	
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17,322,020

STATUTORY NET DEBT

\$ 13,104,805

OVERLAPPING DEBT

Ocean County	\$ <u>5,729,011</u>
Total Overall Debt	\$ <u>18,833,816</u>
Average of Equalized Assessed Valuation of Real Property (2007, 2008, 2009) (State Certified Valuation)	\$ <u>1,419,125,786</u>
Net Debt as a Percentage of Said Average Equalized Valuations (Statutory Net Debt)	0.92%
Total Overall Debt as a Percentage of Said Average Equalized Valuations (Total Overall Debt)	1.33%
Equalized Valuation of Real Property (Year 2009)	\$ <u>1,438,847,178</u>
Net Debt as a Percentage of Said Assessed Equalized Valuation (Year 2009 Valuation) (Statutory Net Debt)	0.91%

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	\$ 1,420,876
Land	50,288,269,820	663,440,400
Improvements	38,865,911,009	634,141,000
Deductions	(644,740,427)	(172,900)
Additions	<u>21,262,372,005</u>	<u>176,041,062</u>
	<u>\$ 109,906,985,727</u>	<u>\$ 1,474,870,438</u>

Percentage of Equalized Assessed Valuation	1.341926%
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Outstanding Net Debt:	
Net Debt as of December 31, 2009 (County Debt)	\$ <u>426,924,510</u>

Municipal Share of County Debt Based on Percentage of Equalized Valuation	\$ <u>5,729,011</u>
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CURRENT YEAR'S TAX COLLECTION DATA

<u>Year</u>	<u>Amount of Levy</u>	<u>Cash Collected Year of Levy</u>	<u>Percentage Collected Year of Levy</u>
2005	\$ 15,573,313.05	\$ 15,293,263.97	98.20%
2006	17,094,547.70	16,872,998.42	98.70
2007	18,348,251.04	18,099,133.84	98.64
2008	19,222,139.43	18,972,049.10	98.69
2009	20,611,800.97	20,273,849.62	98.36

Source: Township of Ocean Audit Reports

DELINQUENT TAX COLLECTION DATA

<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>
2005	\$ 374,735.51	\$ 176,557.93	\$ 551,293.44	3.54%
2006	204,111.63	164,665.73	368,777.36	2.15
2007	218,180.96	230,859.84	449,040.80	2.44
2008	232,190.21	211,763.83	443,954.04	2.30
2009	263,629.51	285,936.60	549,566.11	2.75

Source: Township of Ocean Audit Reports

COMPARATIVE TAX RATE AND NET ASSESSED VALUE

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Tax Rate</u>	<u>Local Purpose</u>	<u>County</u>	<u>Local School</u>	<u>Open Space</u>
2005	\$ 1,093,513,551	1.362	0.333	0.287	0.730	0.012
2006	1,149,925,804	1.417	0.352	0.320	0.733	0.012
2007	1,221,267,417	1.449	0.361	0.337	0.739	0.012
2008	1,261,091,724	1.494	0.396	0.352	0.734	0.012
2009	1,298,829,376	1.538	0.423	0.351	0.734	0.030

Source: Township of Ocean Audit Reports

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

<u>Year</u>	<u>Amount</u>
2005	\$ 1,088,900
2006	2,658,100
2007	2,393,200
2008	2,166,800
2009	2,166,800

Source: Township of Ocean Audit Reports

**COMPARATIVE SCHEDULE OF FUND BALANCES
(CURRENT FUND)**

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2005	\$ 2,481,666.09	\$ 2,250,000.00
2006	2,273,712.93	2,000,000.00
2007	2,537,177.17	2,250,000.00
2008	1,994,219.31	1,705,000.00
2009	1,706,306.25	

Source: Township of Ocean Audit Reports

BREAKDOWN OF 2009 RATABLES AND LEVY

	<u>Assessed Valuation</u>	<u>Percentage</u>	<u>Percentage Commercial, Apartments and Industrial</u>
Vacant	\$ 67,567,300	5.21%	---
Residential	1,163,308,000	89.66	---
Farm	3,279,100	0.25	---
Commercial	62,682,500	4.83	99.09%
Industrial	574,600	0.05	0.91
Apartments	<u>0</u>	<u>0</u>	<u>---</u>
TOTAL	<u>\$ 1,297,408,500</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 \$1,420,876).

2009 TAX LEVY

		<u>Tax Rate</u>
County Taxes	\$ 4,548,033	0.351
District School Tax	9,537,048	0.734
Municipal	<u>5,883,919</u>	<u>0.453</u>
	<u>\$ 19,969,000</u>	<u>1.538</u>

Source: Ocean County 2009 Abstract of Ratables

TAX MATTERS

Federal

The Township has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Internal Revenue Code of 1986, as amended (the "Code"). Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the opinion of Lomurro, Davison, Eastman & Munoz, P.a., Bond Counsel to the Township to be delivered at the time of original issuance of the Bonds, interest on the Bonds is not includable in gross income for federal income tax purposes under current law if the Township complies with its covenant. The Bonds are not "private activity bonds" as such term is defined in the Code.

Personal Alternative Minimum Tax

Interest on the Bonds is not included as an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

Corporate Alternative Minimum Tax

The Code provides that an alternative minimum tax is imposed on corporations at a rate of 20 percent. For purposes of the corporate alternative minimum tax, the Code includes an increase adjustment for computation of the alternative minimum tax consisting generally of seventy-five percent (75%) of the amount by which "adjusted current earnings" exceed alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction). Thus, to the extent that interest on the Bonds is a component of a corporate holder's "adjusted current earnings", a portion of that interest may be subject to an alternative minimum tax.

Branch Profits Tax

Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the "dividend equivalent amount" for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation for purposes of the branch profits tax.

S Corporation Tax

Section 1375 of the Code imposes a tax on the "excess net passive income" of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year. The U.S. Department of Treasury has issued regulations indicating that interest on tax-exempt bonds held by an S corporation, such as the Bonds, would be included in the calculation of excess net passive income.

Section 265 Qualification

The Code denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which must be so designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

The Bonds will be designated as qualified under Section 265 of the Code by the Township for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

Other Federal Tax Consequences

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations.

State

Interest on the Bonds and any gain on the sale thereof is not includable as gross income under the New Jersey Gross Income Tax Act.

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.

RATING

The Township has applied to Moody's Investor's Service, Inc., (the "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 11 U.S.C. § 101 *et seq.*, as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of 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; and provides that the plan must be accepted in writing by or on behalf of a class of creditors holding at least two-thirds in amount and more than one-half in number of the listed creditors of that class. The Bankruptcy Code specifically does not limit or impair the power of a state to control legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such act.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.* which provides that a local unit, including the Township, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board.

The Township has not authorized the filing of a bankruptcy petition. This reference to the Bankruptcy Code or the State statute should not create any implication that the Township expects to utilize the benefits of their provisions, or that if utilized, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment of and security for the Bonds, or that the Bankruptcy Code could not be amended after the date hereof.

LITIGATION

There is no litigation pending or, to the knowledge of the Township Counsel, threatened, restraining or enjoining the issuance, sale or the delivery of the Bonds or the levy or the collection of any taxes to pay the principal of and the interest on the Bonds or in any manner questioning the authority or the proceedings for the issuance, sale or delivery of the Bonds or for the levy or the collection of said taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of its present officers. There is no litigation pending or, to the knowledge of the Township Counsel, threatened, that would have a material adverse impact on the financial condition of the Township if adversely decided. A certificate to such effect will be executed by the Township Counsel and delivered to the Purchaser of the Bonds at the closing.

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

The Township has entered into a written UNDERTAKING to provide secondary market disclosure information as set forth in SEC Rule 15c2-12. A copy of the UNDERTAKING is set forth in Appendix C. Annual financial information, including operating data, shall be filed with www.emma.msrb.org ("EMMA").

Notices of events specified in SEC Rule 15c2-12, if material, shall be filed with EMMA.

NO DEFAULT

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

FINANCIAL ADVISOR

Hutchins, Farrell, Meyer & Allison, P.A. has served as Financial Advisor to the Township with respect to the issuance of the Bonds ("Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incidental to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Lomurro, Davison, Eastman & Munoz, P.A., Freehold, New Jersey, Bond Counsel, 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 Counsel, Dasti, Murphy, McGuckin, Ulaky, Cherkos & Connors, Forked River, New Jersey.

PREPARATION OF OFFICIAL STATEMENT

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 her 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.

FINANCIAL STATEMENTS

Appendix A contains certain condensed financial data of the Township for the Township's fiscal years ending December 31, 2005 through December 31, 2009. Such financial data was audited by Hutchins, Farrell, Meyer & Allison, P.A., Certified Public Accountants and Registered Municipal Accountants, Freehold, New Jersey, to the extent and for the period set forth in their report appearing in Appendix A, and are included herein in reliance upon the authority of such firm. Hutchins, Farrell, Meyer & Allison, P.A. has consented to the inclusion of their report in this Official Statement.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Christine Thorne, Chief Financial Officer, Township of Ocean, 50 Railroad Avenue, Waretown, New Jersey 08758, telephone 609/693-3664.

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 OCEAN, IN THE
COUNTY OF OCEAN, NEW JERSEY

By: _____
Christine Thorne
Chief Financial Officer

Date: August _____, 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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Freehold, NJ 07728
(732) 409-0800
Fax: (732) 866-9312

Ocean County Office

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

REPORT OF INDEPENDENT ACCOUNTANTS ON CONDENSED FINANCIAL STATEMENTS

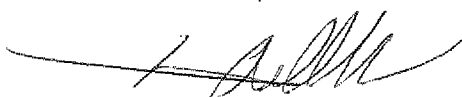
Honorable Mayor and Members of
the Township Council
Township of Ocean, New Jersey

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, Water Utility Fund, and Sewer Utility Fund of the Township of Ocean, County of Ocean as of December 31, 2009, and the related Statement of Operations and Changes in Fund Balance – Regulatory Accounting Basis of the Current Fund, Water Utility Fund and Sewer Utility Fund for the year ended December 31, 2009 (none of which is presented separately herein). In our report dated April 19, 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 the amounts that should be recorded in the General Fixed Assets Account Group are not known.

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



Robert W. Allison
Registered Municipal Accountant
(#483)

April 19, 2010

TOWNSHIP OF WARETOWN
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Assets</u>	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
Cash - Change Funds	\$ 875.00	\$ 675.00	\$ 675.00	\$ 525.00	525.00
Cash - Treasurer	3,473,563.12	3,475,399.98	3,803,512.49	3,514,443.79	3,218,069.57
Cash - Collector	418,171.57	364,390.51	333,488.01	345,572.71	240,097.20
Due From State of New Jersey	<u>3,089.64</u>	<u>2,463.53</u>	<u>1,935.02</u>	<u>4,291.79</u>	<u>4,243.85</u>
	<u>3,895,699.33</u>	<u>3,842,929.02</u>	<u>4,139,610.52</u>	<u>3,864,833.29</u>	<u>3,462,935.62</u>
Receivables and Other Assets With Full Reserves:					
Delinquent Property Taxes Receivable	285,936.60	211,763.83	230,859.84	164,665.73	176,557.93
Tax Title Liens Receivable	263,629.51	232,190.21	218,180.96	204,111.63	374,735.51
Property Acquired for Taxes	2,166,800.00	2,166,800.00	2,393,200.00	2,658,100.00	1,088,900.00
Revenue Accounts Receivable	8,430.92	8,904.65	11,112.08	7,841.57	7,045.06
Due From:					
General Capital Fund			10,000.01	14,212.49	
Federal and State Grant Fund	<u>9,953.80</u>	<u>52,196.65</u>	<u>78,093.29</u>		
	<u>2,734,750.83</u>	<u>2,671,855.34</u>	<u>2,941,446.18</u>	<u>3,048,931.42</u>	<u>1,647,238.50</u>
Deferred Charges:					
Special Emergency Authorization			<u>36,000.00</u>	<u>72,000.00</u>	<u>108,000.00</u>
	<u>6,630,450.16</u>	<u>6,514,784.36</u>	<u>7,117,056.70</u>	<u>6,985,764.71</u>	<u>5,218,174.12</u>
Federal and State Grant Fund:					
Grants Receivable	1,212,181.71	685,915.94	1,356,173.60	1,301,780.02	1,191,177.45
Due From Current Fund				<u>213,228.69</u>	<u>150,574.33</u>
	<u>1,212,181.71</u>	<u>685,915.94</u>	<u>1,356,173.60</u>	<u>1,515,008.71</u>	<u>1,341,751.78</u>
Total Assets	<u>\$ 7,842,631.87</u>	<u>\$ 7,200,700.30</u>	<u>\$ 8,473,230.30</u>	<u>\$ 8,500,773.42</u>	<u>\$ 6,559,925.90</u>

See accompanying notes.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Liabilities, Reserves and Fund Balance</u>	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
Appropriation Reserves	\$ 601,654.69	\$ 439,294.02	\$ 408,123.24	\$ 590,173.90	\$ 382,001.34
Encumbrances Payable	188,279.20	220,891.64	185,639.44	118,785.01	72,677.34
Accounts Payable	151,102.34	139,743.50	107,764.56	29,606.17	30,420.58
Payroll Deductions Payable	27,032.21	28,173.20	25,439.28	18,609.30	17,927.85
Prepaid Taxes	191,714.10	180,405.79	210,060.26	186,072.44	186,720.81
Tax Overpayments	4,320.69	0.26	14.07	0.01	1,484.80
County Taxes Payable	146,309.44	89,792.18	148,617.61	176,498.20	140,781.23
Local District School Tax Payable	844,158.00	678,783.00	505,692.50	285,948.50	56,672.50
Due To State of New Jersey:					
Marriage Licenses	375.00	475.00	525.00	375.00	150.00
Training Fees	3,914.00	5,470.00	2,359.00	1,897.00	10,315.00
Due To:					
Trust - Other Fund	10,967.13	13,050.85	22,272.39	18,414.11	7,967.16
Open Space Trust Fund	910.00				
Federal and State Grant Fund				213,228.69	150,574.33
General Capital Fund		24,999.99			15,323.85
Various Reserves	18,656.28	27,630.28	21,926.00	23,512.03	16,252.74
	<u>2,189,393.08</u>	<u>1,848,709.71</u>	<u>1,638,433.35</u>	<u>1,663,120.36</u>	<u>1,089,269.53</u>
Reserve for Receivables	2,734,750.83	2,671,855.34	2,941,446.18	3,048,931.42	1,647,238.50
Fund Balance	<u>1,706,306.25</u>	<u>1,994,219.31</u>	<u>2,537,177.17</u>	<u>2,273,712.93</u>	<u>2,481,666.09</u>
	<u>6,630,450.16</u>	<u>6,514,784.36</u>	<u>7,117,056.70</u>	<u>6,985,764.71</u>	<u>5,218,174.12</u>
Federal and State Grant Fund:					
Reserve for Grants:					
Appropriated	1,190,751.32	610,946.45	1,234,775.91	1,507,670.13	1,335,200.09
Unappropriated	1,239.43	3,091.56	1,914.49	1,709.20	1,998.34
Encumbrances Payable	10,237.16	19,681.28	41,389.91	5,629.38	4,553.35
Due To Current Fund	9,953.80	52,196.65	78,093.29		
	<u>1,212,181.71</u>	<u>685,915.94</u>	<u>1,356,173.60</u>	<u>1,515,008.71</u>	<u>1,341,751.78</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 7,842,631.87</u>	<u>\$ 7,200,700.30</u>	<u>\$ 8,473,230.30</u>	<u>\$ 8,500,773.42</u>	<u>\$ 6,559,925.90</u>

See accompanying notes.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY ACCOUNTING BASIS

	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005
Revenue and Other Income Realized:					
Fund Balance Utilized	\$ 1,705,000.00	\$ 2,250,000.00	\$ 2,000,000.00	\$ 2,250,000.00	\$ 1,900,000.00
Miscellaneous Revenue Anticipated	2,626,956.25	2,313,268.83	2,998,386.66	2,141,089.42	2,756,514.53
Receipts From Delinquent Taxes	214,748.56	230,667.82	159,870.28	183,051.29	204,210.55
Receipts From Current Taxes	20,273,849.62	18,972,049.10	18,099,133.84	16,872,998.42	15,293,263.97
Non-Budget Revenues	154,630.79	444,000.94	541,048.67	546,846.73	516,910.93
Other Credits To Income:					
Unexpended Balance of Appropriation					
Reserves	238,531.06	272,118.91	213,349.64	249,945.37	155,794.69
Cancellation of Accounts Payable	33,129.37			195.98	90,391.50
Prior-Year Senior Citizen Deduction Allowed		250.00			
Cancellation of Tax Overpayments	0.26				
Interfunds Returned	42,242.85	35,896.65	14,212.49		81,749.15
Grant Appropriations Cancelled by Resolution		7,178.58			
Total Revenues	25,289,338.76	24,525,180.83	24,026,001.58	22,244,127.21	20,998,835.32
Expenditures:					
Budget Appropriations Within "CAPS":					
Operations:					
Salaries and Wages	3,481,547.00	3,293,266.00	3,106,206.00	2,792,682.00	2,638,586.00
Other Expenses	3,189,806.21	3,322,150.00	3,228,358.00	2,100,255.00	1,763,430.00
Deferred Charges and Statutory Expenditures	683,103.00	282,652.00	259,522.00	258,052.00	221,350.00
Appropriations Excluded From "CAPS":					
Operations:					
Salaries and Wages	110,000.00	199,000.00	181,290.00	187,000.00	190,100.00
Other Expenses	741,120.84	768,954.81	442,269.11	155,156.37	228,124.39
Capital Improvements	161,000.00	255,000.00	366,000.00	167,000.00	634,000.00
Municipal Debt Service	882,619.61	712,212.27	634,775.00	677,771.90	383,610.58
Deferred Charges		36,000.00	36,000.00	36,000.00	36,000.00
County Taxes	4,548,032.97	4,427,902.48	4,095,314.42	3,663,216.58	3,118,065.97
Amount Due County for Added and Omitted Taxes	146,309.44	89,792.18	148,617.61	176,498.20	140,781.23
Local District School Tax	9,537,048.00	9,258,794.00	9,025,581.00	8,435,914.00	7,236,898.00
Municipal Open Space Tax	389,649.00	151,331.01	146,552.09	137,991.10	131,221.63
Interfunds Advanced			88,093.31	14,212.49	
Prior-Year Senior Citizen Deduction Disallowed	2,015.75	2,461.51	3,750.00	3,917.73	1,741.78
Refund Prior Year's Revenue			208.56		1,300.20
Grants Receivable Cancelled By Resolution		18,622.43			
Rounding			0.24		
Total Expenditures	23,872,251.82	22,818,138.69	21,762,537.34	20,202,080.37	18,778,332.78
Excess in Revenue	1,417,086.94	1,707,042.14	2,263,464.24	2,042,046.84	2,220,502.54
Fund Balance, January 1	1,994,219.31	2,537,177.17	2,273,712.93	2,481,666.09	2,161,163.55
Decreased By:					
Utilization as Anticipated Revenue	3,411,306.25	4,244,219.31	4,537,177.17	4,523,712.93	4,381,666.09
	1,705,000.00	2,250,000.00	2,000,000.00	2,250,000.00	1,900,000.00
Fund Balance, December 31	\$ 1,706,306.25	\$ 1,994,219.31	\$ 2,537,177.17	\$ 2,273,712.93	\$ 2,481,666.09

See accompanying notes.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

TRUST FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Assets</u>	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
Animal Control Fund:					
Cash	\$ 16,082.80	\$ 9,679.60	\$ 9,391.60	\$ 8,906.40	\$ 8,489.20
Cash - Change Fund	50.00	50.00	50.00	50.00	50.00
Total Animal Control Fund	<u>16,132.80</u>	<u>9,729.60</u>	<u>9,441.60</u>	<u>8,956.40</u>	<u>8,539.20</u>
Trust - Other Fund:					
Cash	2,750,123.04	2,534,809.10	2,785,647.19	2,128,005.03	1,930,976.02
Due From Current Fund	11,877.13	13,050.85	22,272.39	18,414.11	7,967.16
Total Trust - Other Fund	<u>2,762,000.17</u>	<u>2,547,859.95</u>	<u>2,807,919.58</u>	<u>2,146,419.14</u>	<u>1,938,943.18</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:					
Investments	<u>162,356.66</u>	<u>105,553.76</u>	<u>105,379.29</u>	<u>61,775.59</u>	<u>39,481.90</u>
Total Assets	<u>\$ 2,940,489.63</u>	<u>\$ 2,663,143.31</u>	<u>\$ 2,922,740.47</u>	<u>\$ 2,217,151.13</u>	<u>\$ 1,986,964.28</u>
<u>Liabilities and Reserves</u>					
Animal Control Fund:					
Reserve for Animal Control Fund					
Expenditures	<u>16,132.80</u>	<u>9,729.60</u>	<u>\$ 9,441.60</u>	<u>8,956.40</u>	<u>8,539.20</u>
Trust - Other Fund:					
Premiums Received at Tax Sale	39,400.00	48,700.00	58,700.00	40,800.00	49,550.00
Due To:					
Water Utility Operating Fund	1,100.64		1,597.95		
Sewer Utility Operating Fund	2,996.84	2,996.84	684.84		
Various Reserves	<u>2,718,502.69</u>	<u>2,496,163.11</u>	<u>2,746,936.79</u>	<u>2,105,619.14</u>	<u>1,889,393.18</u>
Total Trust - Other Fund	<u>2,762,000.17</u>	<u>2,547,859.95</u>	<u>2,807,919.58</u>	<u>2,146,419.14</u>	<u>1,938,943.18</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:					
Miscellaneous Reserves	<u>162,356.66</u>	<u>105,553.76</u>	<u>105,379.29</u>	<u>61,775.59</u>	<u>39,481.90</u>
Total Assets	<u>\$ 2,940,489.63</u>	<u>\$ 2,663,143.31</u>	<u>\$ 2,922,740.47</u>	<u>\$ 2,217,151.13</u>	<u>\$ 1,986,964.28</u>

See accompanying notes.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
<u>Assets</u>					
Cash	\$ 3,093,989.11	\$ 3,528,120.13	\$ 4,367,904.28	\$ 4,753,133.39	\$ 3,567,602.52
Deferred Charges To Future Taxation:					
Funded	5,377,000.00	5,670,000.00	5,948,000.00	6,217,000.00	691,000.00
Unfunded	7,727,805.73	10,269,977.73	10,634,745.73	7,275,745.73	9,310,425.00
Due From Current Fund		24,999.99			15,323.85
Green Acres Loan Receivable	<u>540,620.00</u>	<u>540,620.00</u>	<u>540,620.00</u>	<u>540,620.00</u>	<u>40,620.00</u>
Total Assets	<u>\$ 16,739,414.84</u>	<u>\$ 20,033,717.85</u>	<u>\$ 21,491,270.01</u>	<u>\$ 18,786,499.12</u>	<u>\$ 13,624,971.37</u>
<u>Liabilities, Reserves and Fund Balance</u>					
Serial Bonds Payable	\$ 4,729,000.00	\$ 5,022,000.00	\$ 5,300,000.00	\$ 5,569,000.00	\$ 543,000.00
Bond Anticipation Notes	6,307,805.00	5,984,977.00	6,229,745.00	5,775,750.00	9,795,925.00
Green Acres Loan Payable	648,000.00	648,000.00	648,000.00	648,000.00	148,000.00
Encumbrances Payable	540,274.11	523,131.37	70,569.60	56,098.81	271,841.22
Improvement Authorizations:					
Funded	397,360.15	380,639.02	919,775.77	1,107,940.37	19,174.67
Unfunded	3,838,598.62	7,263,805.68	8,124,405.47	5,018,898.44	2,235,805.62
Capital Improvement Fund	216,727.55	124,327.55	69,327.55	98,327.55	260,827.55
Due To Current Fund			10,000.01	14,212.49	
Reserve for:					
Payment of Bonds and Notes			20,000.00	10,000.00	43,381.56
Preliminary Improvement Costs		562.65	1,230.15	60,138.00	36,596.11
Good Faith Deposit on Bonds					105,600.00
Preliminary Improvement Costs -					
Redevelopment	3,570.93	5,950.53			
Developer Contribution	50,997.00	50,997.00	50,997.00	50,997.00	50,997.00
Fund Balance	<u>7,081.48</u>	<u>29,327.05</u>	<u>47,219.46</u>	<u>377,136.46</u>	<u>113,822.64</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 16,739,414.84</u>	<u>\$ 20,033,717.85</u>	<u>\$ 21,491,270.01</u>	<u>\$ 18,786,499.12</u>	<u>\$ 13,624,971.37</u>

See accompanying notes.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

WATER UTILITY FUND

BALANCE SHEET - REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
<u>Assets</u>					
Operating Fund:					
Cash and Investments	\$ 1,162,352.81	\$ 1,243,541.95	\$ 1,150,809.47		
Petty Cash			150.00		
Change Fund	250.00	250.00	250.00		
Due From:					
Sewer Utility Operating Fund	11,302.12				
Water Utility Capital Fund			73,529.91		
Trust Fund	<u>1,100.64</u>		<u>1,597.95</u>		
	<u>1,175,005.57</u>	<u>1,243,791.95</u>	<u>1,226,337.33</u>		
Receivables With Full Reserves:					
Consumer Accounts Receivable	140,554.71	90,279.22	82,587.39		
Connection Fee Receivable	19,019.00	22,859.05	29,578.56		
Due From Developer			72,500.00		
	<u>159,573.71</u>	<u>113,138.27</u>	<u>184,665.95</u>		
Deferred Charge:					
Expenditure Without an Appropriation	3,750.00				
Overexpenditure of Appropriations	<u>2,678.01</u>	<u>39,999.50</u>	<u>83,412.50</u>		
	<u>6,428.01</u>	<u>39,999.50</u>	<u>83,412.50</u>		
Total Operating Fund	<u>1,341,007.29</u>	<u>1,396,929.72</u>	<u>1,494,415.78</u>		
Capital Fund:					
Cash and Investments	1,897,916.15	2,465,126.55	2,501,024.91		
Due From:					
Sewer Utility Capital Fund	10,938.77				
Water Utility Operating Fund	6,201.52	44,718.99			
Fixed Capital	15,850,547.02	15,419,508.72	15,369,541.62		
Fixed Capital Authorized and Uncompleted	<u>4,287,400.00</u>	<u>2,917,400.00</u>	<u>500,000.00</u>		
Total Capital Fund	<u>22,053,003.46</u>	<u>20,846,754.26</u>	<u>18,370,566.53</u>		
Total Assets	<u>\$ 23,394,010.75</u>	<u>\$ 22,243,683.98</u>	<u>\$ 19,864,982.31</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
		See accompanying notes.			

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

WATER UTILITY FUND

BALANCE SHEET - REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
<u>Liabilities, Reserves and Fund Balance</u>					
Operating Fund:					
Appropriation Reserves	\$ 98,347.52	\$ 178,068.88	\$ 123,614.74		
Accounts Payable	25,182.75	23,182.05			
Encumbrances Payable	83,469.28	34,931.45	66,601.94		
Due To:					
Sewer Utility Operating Fund		143,886.03	38,377.15		
Sewer Utility Capital Fund	6,201.52	44,718.99			
Water Utility Capital Fund	2,441.17				
Water Overpayments	6,486.05	7,604.00	11,029.46		
Prepaid Water Rents		3,946.57			
Accrued Interest on Bonds and Notes	98,396.76	94,312.50	96,562.50		
	<u>320,525.05</u>	<u>530,650.47</u>	<u>336,185.79</u>		
Reserve for Receivables	159,573.71	113,138.27	184,665.95		
Fund Balance	<u>860,908.53</u>	<u>753,140.98</u>	<u>973,564.04</u>		
Total Operating Fund	<u>1,341,007.29</u>	<u>1,396,929.72</u>	<u>1,494,415.78</u>		
Capital Fund:					
Encumbrances Payable	60,708.92	492,373.05			
Serial Bonds	3,699,000.00	3,811,500.00	3,919,500.00		
Bond Anticipation Notes	1,500,000.00				
Trust Loans Payable	392,020.28				
Due To Water Utility Operating Fund			73,529.91		
Improvement Authorizations:					
Funded		100,000.00			
Unfunded	2,238,710.37	2,323,088.72	500,000.00		
Capital Improvement Fund	1,052,600.00	1,122,600.00	1,545,000.00		
Reserve for:					
Bond Reserve	744,120.00	744,120.00	744,120.00		
Bond Service	110,362.50	113,175.00	115,875.00		
Renewal and Replacement			22,500.00		
Amortization	11,759,526.44	11,608,008.72	11,450,041.62		
Deferred Amortization	347,400.00	347,400.00			
Morey Place	95,000.00	95,000.00			
Preliminary Costs	53,554.95	89,488.77			
Total Capital Fund	<u>22,053,003.46</u>	<u>20,846,754.26</u>	<u>18,370,566.53</u>		
Total Liabilities, Reserves and Fund Balance	<u>\$ 23,394,010.75</u>	<u>\$ 22,243,683.98</u>	<u>\$ 19,864,982.31</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

See accompanying notes.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

WATER UTILITY OPERATING FUND

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
Revenue and Other Income Realized:					
Fund Balance Utilized	\$ 688,000.00	\$ 841,175.00	\$ 2,175,000.00		
Collection of Water Rents	1,240,048.19	1,303,476.71	1,002,425.63		
Water Connection Fees	264,870.00		319,182.61		
Miscellaneous Revenue Not Anticipated	276,168.52	290,519.67	265,359.78		
Appropriation Reserves Balances Lapsed	178,364.10	112,070.98			
Cancellation of Accrued Interest	2,343.75	2,250.00			
Cancellation of Accrued Expenses			23,592.38		
Cancellation of Accounts Payable			20,289.51		
Total Revenues	<u>2,649,794.56</u>	<u>2,549,492.36</u>	<u>3,805,849.91</u>		
Expenditures:					
Operating	959,142.50	1,003,763.00	814,279.00		
Capital Improvements	100,000.00	95,000.00	1,895,000.00		
Debt Service	350,240.01	337,050.00	300,762.50		
Deferred Charges and Statutory Expenditures	119,499.50	110,013.00	47,000.00		
Surplus (General Budget)	329,764.00	380,474.00	275,000.00		
Refund of Prior-Year Revenue	1,809.01	2,440.42	1,772.42		
Total Expenditures	<u>1,860,455.02</u>	<u>1,928,740.42</u>	<u>3,333,813.92</u>		
Excess Revenue	<u>789,339.54</u>	<u>620,751.94</u>	<u>472,035.99</u>		
Add Back Charges Which Are By Statute Deferred Charges To Succeeding Years' Budgets:					
Expenditure Without Appropriation	3,750.00				
Overexpenditure	2,678.01		83,412.50		
Statutory Excess	<u>795,767.55</u>	<u>620,751.94</u>	<u>555,448.49</u>		
Fund Balance, January 1	<u>753,140.98</u>	<u>973,564.04</u>	<u>2,593,115.55</u>		
	1,548,908.53	1,594,315.98	3,148,564.04		
Decreased By:					
Utilized as Anticipated Revenue	688,000.00	841,175.00	2,175,000.00		
Fund Balance, December 31	<u>\$ 860,908.53</u>	<u>\$ 753,140.98</u>	<u>\$ 973,564.04</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

See accompanying notes.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

SEWER UTILITY FUND

BALANCE SHEET - REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
<u>Assets</u>					
Operating Fund:					
Cash and Investments	\$ 1,408,740.86	\$ 1,073,503.08	\$ 1,131,629.60		
Change Fund	250.00	250.00	250.00		
Petty Cash			150.00		
Due From:					
Sewer Utility Capital Fund	1,328.11		24,658.68		
Water Utility Operating Fund		143,886.03	38,377.15		
Trust Fund	<u>2,996.84</u>	<u>2,996.84</u>	<u>684.84</u>		
	<u>1,413,315.81</u>	<u>1,220,635.95</u>	<u>1,195,750.27</u>		
Receivables With Full Reserves:					
Consumer Accounts Receivable	198,165.00	117,201.82	113,161.73		
Connection Fee Receivable	11,500.00	15,070.25	34,496.17		
Due From Developer			72,500.00		
	<u>209,665.00</u>	<u>132,272.07</u>	<u>220,157.90</u>		
Deferred Charge:					
Overexpenditure of CY Appropriations		<u>1,962.33</u>	<u>1,962.33</u>		
Total Operating Fund	<u>1,622,980.81</u>	<u>1,354,870.35</u>	<u>1,417,870.50</u>		
Capital Fund:					
Cash and Investments	288,018.21	225,383.42	265,963.68		
Fixed Capital	12,204,202.81	12,200,417.11	12,119,346.91		
Due From:					
Water Utility Operating Fund	2,441.17				
Sewer Utility Operating Fund		<u>33,121.58</u>			
Total Capital Fund	<u>12,494,662.19</u>	<u>12,458,922.11</u>	<u>12,385,310.59</u>		
Total Assets	<u>\$ 14,117,643.00</u>	<u>\$ 13,813,792.46</u>	<u>\$ 13,803,181.09</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

See accompanying notes.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

SEWER UTILITY FUND

BALANCE SHEET - REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
<u>Liabilities, Reserves and Fund Balance</u>					
Operating Fund:					
Appropriation Reserves	\$ 181,872.77	\$ 268,335.09	\$ 451,257.30		
Encumbrances Payable	6,744.39	19,649.66	99,200.37		
Accounts Payable	26,383.72	23,868.45			
Due To:					
Sewer Utility Capital Fund		33,121.58			
Water Utility Operating Fund	11,302.12				
Accrued Interest on Bonds	10,218.75	10,479.00	10,729.00		
Sewer Overpayments	11,522.75	4,892.91	10,486.73		
Prepaid Rents		2,561.65			
	<u>248,044.50</u>	<u>362,908.34</u>	<u>571,673.40</u>		
Reserve for Receivables	209,665.00	132,272.07	220,157.90		
Fund Balance	<u>1,165,271.31</u>	<u>859,689.94</u>	<u>626,039.20</u>		
Total Operating Fund	<u>1,622,980.81</u>	<u>1,354,870.35</u>	<u>1,417,870.50</u>		
Capital Fund:					
Serial Bonds	411,000.00	423,500.00	435,500.00		
Due To:					
Sewer Utility Operating Fund	1,328.11		24,658.68		
Water Utility Capital Fund	10,938.77				
Capital Improvement Fund	183,250.00	163,250.00	143,250.00		
Reserve for:					
Amortization	11,793,202.81	11,776,917.11	11,683,846.91		
Bond Reserve	82,680.00	82,680.00	82,680.00		
Bond Service	12,262.50	12,575.00	12,875.00		
Renewal and Replacement			2,500.00		
	<u>12,494,662.19</u>	<u>12,458,922.11</u>	<u>12,385,310.59</u>		
Total Liabilities, Reserves and Fund Balance	<u>\$ 14,117,643.00</u>	<u>\$ 13,813,792.46</u>	<u>\$ 13,803,181.09</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

See accompanying notes.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

SEWER UTILITY OPERATING FUND

STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
Revenue and Other Income Realized:					
Fund Balance Utilized	\$ 700,000.00	\$ 637,575.00	\$ 693,500.00		
Collection of Sewer Rents	1,679,155.50	1,669,120.76	1,229,291.74		
Miscellaneous Revenue	232,194.90	72,783.94	397,600.10		
Other Credits To Income:					
Cancellation of Accrued Interest	260.25	250.00			
Appropriation Reserves Balances Lapsed	268,970.72	447,208.44			
Cancellation of Due To Escrow			10,535.06		
Cancellation of Accrued Expenses			4,877.06		
Total Revenues	<u>2,880,581.37</u>	<u>2,826,938.14</u>	<u>2,335,803.96</u>		
Expenditures:					
Operating	1,709,650.00	1,769,650.00	1,673,100.00		
Capital Improvements	47,736.67	80,000.00	329,250.00		
Debt Service	37,651.00	37,450.00	26,112.33		
Deferred Charges and Statutory Expenditures	79,962.33	67,600.00	44,000.00		
Refund of Prior-Year Revenue		1,012.40	10,926.43		
Total Expenditures	<u>1,875,000.00</u>	<u>1,955,712.40</u>	<u>2,083,388.76</u>		
Excess Revenue	1,005,581.37	871,225.74	252,415.20		
Add Back Charges Which Are By Statute Deferred Charges To Succeeding Years' Budgets:					
Overexpenditure of Appropriations			1,962.33		
Statutory Excess	1,005,581.37	871,225.74	254,377.53		
Fund Balance, January 1	<u>859,689.94</u>	<u>626,039.20</u>	<u>1,065,161.67</u>		
	1,865,271.31	1,497,264.94	1,319,539.20		
Decreased By:					
Utilized as Anticipated Revenue	<u>700,000.00</u>	<u>637,575.00</u>	<u>693,500.00</u>		
Fund Balance, December 31	<u>\$ 1,165,271.31</u>	<u>\$ 859,689.94</u>	<u>\$ 626,039.20</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

See accompanying notes.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

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 Ocean, 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.

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.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

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.

Water Utility Operating and Capital Funds - are used to account for Water operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the Water Utility to the general public be financed through user fees. Operations related to the acquisition of Water capital facilities are recorded within the Water Utility Capital Fund.

Sewer Utility Operating and Capital Funds - are used to account for Sewer operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the Sewer Utility to the general public be financed through user fees. Operations relating to the acquisition of Sewer capital facilities are recorded within the Sewer Utility Capital Fund.

General Fixed Assets Account Group - The Township has not developed a fixed assets accounting and reporting system in accordance with Technical Accounting Directive No. 85-2.

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.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

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.

Appropriation reserves are recorded at December 31 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.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

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

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 OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

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 OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

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 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 include 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 5.5% for PERS and 8.5% for PFRS of annual covered payroll.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2009	\$ 189,052.00	\$ 281,623.00
2008	138,432.00	258,683.00
2007	70,549.60	165,579.20

Defined Contribution Retirement Program

The Defined Contribution Retirement Program ("DCRP") was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax-deferred salary placed into an account that the employee manages through investment options provided by the employer.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans (continued)

The law required that 3 classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is re-elected to an elected office held prior to that date without a break in service may remain in the PERS.
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured chief administrative officer such as the Business Administrator, County Administrator or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain in the PERS.

Contributions made by employees for the DCRP are currently 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution.

During the year 2009, there were 2 officials or employees enrolled in the DCRP.

K. Volunteer Length of Service Award Plan

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer First Aid squad. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 2005.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2005.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

K. Volunteer Length of Service Award Plan (continued)

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Estimated Cost - The estimated cost of the program to the Township has been calculated to be approximately \$38,250.00 per year. (This amount may vary annually, however, based upon the total number of eligible active volunteer members in the program).

L. 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 OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

L. 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 OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

L. 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. The Township is also permitted to invest Length of Service Award Program ("LOSAP") funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. These investments include interest-bearing accounts or securities in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

M. 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.

2. Deposits and Investments

Deposits

The carrying amount of the Township's cash and cash equivalents at December 31, 2009 was \$14,510,382.67 and the bank balance was \$14,571,321.69. Of the bank balance, \$750,000.00 was covered by federal depository insurance and the remaining \$13,821,321.69 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	\$ 750,000.00	\$ 750,000.00
Collateralized:		
GUDPA	<u>13,821,321.69</u>	<u>14,189,974.11</u>
	<u>\$ 14,571,321.69</u>	<u>\$ 14,939,974.11</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 December 31, 2009, the Township's bank balance was not exposed to custodial credit risk.

Investments

As of December 31, 2009 and 2008, the Township had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Book Value</u>
2009:		
LOSAP	<u>\$ 162,356.66</u>	<u>\$ 162,356.66</u>
2008:		
LOSAP	<u>\$ 105,553.76</u>	<u>\$ 105,553.76</u>

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

2. Deposits and Investments (continued)

Investments (continued)

Interest Rate Risk

LOSAP investment options are at the discretion of each individual participant and not the Township.

Credit Risk

State law limits investments as noted above.

The fair value of the above-listed investments was based on quoted market prices.

During the year, the Township had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Township.

3. Interfund Balances and Activity

Balances due to/(from) other Funds at December 31, 2009 consist of the following:

Due to Current Fund from Grant Fund representing a cash advance	\$ 9,953.80
Due to Trust - Other Fund from Current Fund representing a cash advance	10,967.13
Due to Water Utility Fund from Trust - Other Fund representing a cash advance	1,100.64
Due to Sewer Utility Operating Fund from Trust - Other Fund representing a cash advance	2,996.84
Due to Water Utility Operating Fund from Sewer Utility Operating Fund representing a cash advance	11,302.12
Due to Sewer Utility Capital Fund from Water Utility Operating Fund representing a cash advance	6,201.52
Due to Water Utility Capital Fund from Water Utility Operating Fund representing a cash advance	2,441.17
Due to Open Space Trust from Current Fund representing a cash advance	910.00
Due to Water Utility Operating Fund from Sewer Utility Capital Fund representing a cash advance	10,938.77
Due to Sewer Utility Operating Fund from Sewer Utility Capital Fund representing a cash advance	1,328.71

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

4. Taxes, Water, and Sewer Utility Receivables

Taxes Receivable as of December 31, 2009 consist of the following:

<u>2009</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 280,525.53	\$ 5,411.07	\$ 263,629.51	\$ 549,566.11

In 2009, the Township collected \$214,748.56 from Delinquent Taxes, which represented 48% of the Delinquent Tax Receivable at December 31, 2008.

Taxes Receivable as of December 31, 2008 consist of the following:

<u>2008</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 209,321.70	\$ 2,442.13	\$ 232,190.21	\$ 443,954.04

In 2008, the Township collected \$230,667.82 from Delinquent Taxes, which represented 51% of the Delinquent Tax Receivable at December 31, 2007.

Water Utility

Water Utility Receivables as of December 31, 2009 consist of the following:

<u>2009</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 140,554.71	\$ 0.00	\$ 0.00	\$ 140,554.71

In 2009, the Township collected \$90,279.22 from Delinquent Water Utility Rents, which represented 100% of the Delinquent Water Utility Rents Receivable at December 31, 2008.

Sewer Utility

Sewer Utility Receivables as of December 31, 2009 consist of the following:

<u>2009</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 198,165.00	\$ 0.00	\$ 0.00	\$ 198,165.00

In 2009, the Township collected \$117,201.82 from Delinquent Sewer Utility Rents, which represented 100% of the Delinquent Sewer Utility Rents Receivable at December 31, 2008.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt

The Township's long-term debt consisted of the following at December 31, 2009:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance December 31, 2009</u>
<u>General Capital Bonds</u>				
General Improvements	12/01/99	\$ 951,000.00	Various	\$ 199,000.00
General Improvements	01/10/06	5,280,000.00	Various	<u>4,530,000.00</u>
				<u>\$ 4,729,000.00</u>
<u>Water Utility Bonds</u>				
Water Capital Refunding Bonds	10/28/93	\$ 5,235,000.00	5.00 - 6.00%	\$ 3,699,000.00
NJEIT:				
Trust Loan	03/24/09	198,032.00	2.16–2.96%	198,032.00
Fund Loan	03/24/09	198,032.00	0%	<u>193,988.28</u>
				<u>\$ 4,091,020.28</u>
<u>Sewer Utility Bonds</u>				
Sewer Capital Refunding Bond	10/28/93	\$ 5,235,000.00	5.00 - 6.00%	<u>\$ 411,000.00</u>

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt (continued)

Aggregate long-term debt service requirements are as follows:

<u>Year</u>	<u>General Capital</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 307,000.00	\$ 192,420.00	\$ 499,420.00
2011	322,000.00	179,073.00	501,073.00
2012	230,000.00	165,020.00	395,020.00
2013	240,000.00	155,820.00	395,820.00
2014	250,000.00	146,220.00	396,220.00
2015	260,000.00	136,220.00	396,220.00
2016	270,000.00	125,820.00	395,820.00
2017	280,000.00	115,020.00	395,020.00
2018	290,000.00	103,820.00	393,820.00
2019	300,000.00	92,220.00	392,220.00
2020	310,000.00	80,220.00	390,220.00
2021	320,000.00	67,820.00	387,820.00
2022	330,000.00	55,020.00	385,020.00
2023	330,000.00	41,820.00	371,820.00
2024	340,000.00	28,290.00	368,290.00
2025	<u>350,000.00</u>	<u>14,350.00</u>	<u>364,350.00</u>
	<u>\$ 4,729,000.00</u>	<u>\$ 1,699,173.00</u>	<u>\$ 6,428,173.00</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 OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt (continued)

<u>Year</u>	<u>Water Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 243,236.84	\$ 226,385.42	\$ 469,622.26
2011	514,534.55	218,243.14	732,777.69
2012	543,006.43	193,274.74	736,281.17
2013	463,742.46	166,436.48	630,178.94
2014	468,000.00	139,590.00	607,590.00
2015	495,000.00	111,510.00	606,510.00
2016	661,500.00	81,810.00	743,310.00
2017	<u>702,000.00</u>	<u>42,120.00</u>	<u>744,120.00</u>
	<u>\$ 4,091,020.28</u>	<u>\$ 1,179,369.78</u>	<u>\$ 5,270,390.06</u>

<u>Year</u>	<u>Sewer Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 13,500.00	\$ 24,525.00	\$ 38,025.00
2011	43,500.00	23,850.00	67,350.00
2012	46,500.00	21,240.00	67,740.00
2013	49,000.00	18,450.00	67,450.00
2014	52,000.00	15,510.00	67,510.00
2015	55,000.00	12,390.00	67,390.00
2016	73,500.00	9,090.00	82,590.00
2017	<u>78,000.00</u>	<u>4,680.00</u>	<u>82,680.00</u>
	<u>\$ 411,000.00</u>	<u>\$ 129,735.00</u>	<u>\$ 540,735.00</u>

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. 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	\$ 11,684,805.00	\$ 11,654,977.00	\$ 12,177,745.00
Water Utility	5,591,020.28	3,811,500.00	3,919,500.00
Sewer Utility	<u>411,000.00</u>	<u>423,500.00</u>	<u>435,500.00</u>
Total Issued	<u>17,686,825.28</u>	<u>15,889,977.00</u>	<u>16,532,745.00</u>
Less:			
Reserve for Payment of Notes			20,000.00
Excess Financing	<u>25,000.13</u>	<u>373,000.13</u>	<u>373,000.13</u>
Total Deductions	<u>25,000.13</u>	<u>373,000.13</u>	<u>393,000.13</u>
Net Debt Issued	<u>17,661,825.15</u>	<u>15,516,976.87</u>	<u>16,139,744.87</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	1,445,000.00	4,658,000.00	4,778,000.00
Water Utility:			
Bonds and Notes	<u>2,440,000.30</u>	<u>2,570,000.00</u>	<u>500,000.00</u>
Total Authorized But Not Issued	<u>3,885,000.30</u>	<u>7,228,000.00</u>	<u>5,278,000.00</u>
Net Bonds and Notes Issued & Authorized But Not Issued	<u>\$ 21,546,825.45</u>	<u>\$ 22,744,976.87</u>	<u>\$ 21,417,744.87</u>

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. 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 0.92%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 13,129,805.00	\$ 25,000.13	\$ 13,104,804.87
Water Utility Debt	8,031,020.58	8,031,020.58	
Sewer Utility Debt	411,000.00	411,000.00	
School Debt	<u>8,855,000.00</u>	<u>8,855,000.00</u>	<u> </u>
	<u>\$ 30,426,825.58</u>	<u>\$ 17,322,020.71</u>	<u>\$ 13,104,804.87</u>

Net Debt \$13,104,804.87 divided by Equalized Valuation per N.J.S.A. 40A:2-2 as amended, \$1,419,125,786.00 = 0.92%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 49,669,402.51
Less: Net Debt	<u>13,104,804.87</u>
Remaining Borrowing Power	<u>\$ 36,564,597.64</u>

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt (continued)

Calculation of Self-Liquidating Purpose - Water Utility Fund per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 2,469,086.71
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Deductions:

Operating and Maintenance Costs	\$1,038,642.50	
Debt Service per Water Account	<u>350,240.01</u>	
Total Deductions		<u>1,388,882.51</u>

Excess Revenue	<u>\$ 1,080,204.20</u>
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Calculation of Self-Liquidating Purpose - Sewer Utility Fund per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 2,611,350.40
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Deductions:

Operating and Maintenance Costs	\$ 1,787,650.00	
Debt Service per Sewer Account	<u>37,651.00</u>	
Total Deductions		<u>1,825,301.00</u>

Excess Revenue	<u>\$ 786,049.40</u>
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6. Other Commitments

On July 27, 2006, the Township signed an agreement with the Department of Environmental Protection for a Green Acres Loan for a Recreation Area Development Project, which is recorded in the General Capital Fund, consisting of two awards that were combined into one loan as follows:

Phase I	\$ 148,000.00
Phase II	<u>500,000.00</u>
Total Loan Payable	<u>\$ 648,000.00</u>

The rate of interest for the loan will be 2.00% for no longer than a 30-year term. As of December 31, 2009, the Township has drawn down \$107,380.00 of the loan. The Township expects a start date for debt service payments to begin in 2010 after they have received their final payment from Green Acres.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

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.

At December 31, 2009, the Township's outstanding Bond Anticipation Notes were as follows:

<u>General Capital Fund</u>	<u>Ordinance Number</u>	<u>Interest Rate</u>	<u>Amount</u>
Acquisition of Land	03-44	1.07%	\$ 286,250.00
Acquisition of Real Property	04-27	1.34%	648,650.00
Acquisition of Land	04-30	1.07%	556,143.00
Acquisition of Land	05-14	3.25%	124,384.00
Acquisition of Real Property	05-18	0.99%	754,600.00
Improvements To Volunteer Way	06-27	1.50%	947,300.00
Road and Drainage Systems Improvements	06-28	1.50%	445,300.00
Completion of Crystal Point Protection Project	06-29	1.50%	22,078.00
Construction of Recreational Area	06-33	1.50%	613,500.00
Road and Drainage Improvements	07-17	1.07%	500,000.00
Acquisition of Equipment and Machinery	07-19	1.07%	244,200.00
Improvements To Municipal Structures	07-20	1.07%	475,000.00
Dredging and Cleaning of Waretown Lake	07-21	1.07%	546,000.00
Acquisition of Emergency Vehicle	09-06	1.50%	<u>144,400.00</u>
			<u>\$ 6,307,805.00</u>

<u>Water Capital Fund</u>	<u>Ordinance Number</u>	<u>Interest Rate</u>	<u>Amount</u>
Acquisition of Land and Related Expenses	08-25	1.50%	<u>\$ 1,500,000.00</u>

8. Bonds and Notes Authorized But Not Issued

At December 31, 2009, the Township had authorized but not issued bonds and notes of the General Capital Fund totaling \$1,445,000.00, and the Water Utility Capital Fund totaling \$2,440,000.30. There were no authorized but not issued bonds and notes in the Sewer Utility Capital Fund.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

9. Local District 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>Local District School Tax</u>	
	<u>Balance</u> December 31, 2009	<u>Balance</u> December 31, 2008
Balance of Tax	\$ 4,665,725.00	\$ 4,500,350.00
Deferred	<u>3,821,567.00</u>	<u>3,821,567.00</u>
Total Tax Payable	<u>\$ 844,158.00</u>	<u>\$ 678,783.00</u>

10. Fund Balances Appropriated

Current Fund

The fund balance at December 31, 2009 was \$1,706,306.25 of which \$1,450,000.00* was appropriated and included as anticipated revenue for the year ended December 31, 2010.

Water Utility Operating Fund

The fund balance at December 31, 2009 was \$860,908.53 of which \$665,340.51* was appropriated and included as anticipated revenue for the year ended December 31, 2010.

Sewer Utility Operating Fund

The fund balance at December 31, 2009 was \$1,165,271.31 of which \$1,033,860.00* was appropriated and included as anticipated revenue for the year ended December 31, 2010.

* Budget not adopted as of the date of this report

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

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

The following Deferred Charges are shown on the December 31, 2009 Balance Sheets and will be raised in succeeding years' budgets:

Water Utility Operating Fund:	
Expenditure Without an Appropriation	\$ 3,750.00
Overexpenditure of Appropriations	<u>2,678.01</u>
	<u>\$ 6,428.01</u>

12. 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 vacation and sick pay. The Township permits its employees to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. Effective for financial statements dated December 31, 1987, the State has required all municipalities to disclose the estimated current cost of unused sick and vacation benefits at year-end. The Township estimated the current cost of such unpaid compensation to be \$447,645.94 at December 31, 2009. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

13. Post-Employment Healthcare Plan

Plan Description

The Township of Ocean provides a single-employee defined benefit healthcare plan administered by Conner Strong Insurance. The Township provides, pursuant to Committee action and as provided by resolution, certain group healthcare and dental benefits for active and certain retired employees and their covered dependents, as well as Medicare Part B reimbursement (for those retirees that receive fully-subsidized benefits). Active employees who retire from the Township and meet the eligibility criteria are eligible to receive these benefits from the Township at no cost.

The Township implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, in 2009.

Funding Policy

The Township's funding policy is pay-as-you-go.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

13. Post-Employment Healthcare Plan (continued)

Annual OPEB Cost and Net OPEB Obligation

The Township's annual Other Post Employment Benefits ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially-determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Township's net OPEB obligation:

January 1, 2009 Net OPEB Obligation	\$ 0
Plus:	
Annually Required Contributions	<u>868,614</u>
	868,614
Less:	
Age Adjusted Contributions Made	<u>(70,471)</u>
December 31, 2009 Net OPEB Obligations	<u>\$ 798,143</u>

The Township's annual OPEB Cost Summary is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2009	\$ 868,614	8.11%	\$ 798,143

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

13. Post-Employment Healthcare Plan (continued)

Funded Status and Funding Progress

The funded status of the Plan was as follows

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability - Projected Unit Credit</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as % of Covered Payroll</u>
12/31/09	\$ 0	\$ 5,951,635	\$ 5,951,635	0.00%	\$ 4,457,647	133.52%

Actuarial Methods and Assumptions

The Township provides the benefits described above to fewer than 100 participants and meets all other requirements allowing it to utilize the alternative measurement as is described in GASB Statement No. 45. The Township has elected to utilize the alternative measurement method. Some of the assumptions utilized in the computations are as follows:

Age Adjustment Factor	1.55
Discount Rate	0.5%
Payroll Growth Rate	2.0%
Mortality Table	RP2000 Mortality Table for Males and Females Projected 10 years
Turnover	Standard Turnover Assumptions
Amortization Period	30 Years
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll
Average Retirement Age	60
Participant Percentage	100%

Other Post Employment Benefit Costs and Obligations

The annual non-pension post employment benefit ("OPEB") cost is actuarially-determined in accordance with the parameters of the alternative measurement method. It represents the actuarially-determined level of funding that, if paid on an ongoing basis, is projected to cover annual benefit costs and the 30-year amortization of the difference between the actuarial accrued liability and amounts previously recognized. The Township has not recognized OPEB costs in the past.

The following are the components of the 2009 annual OPEB cost:

Normal Cost	\$ 709,093
Amortization Cost	<u>159,521</u>
December 31, 2009 OPEB Obligation	<u>\$ 868,614</u>

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

13. Post-Employment Healthcare Plan (continued)

Funding Status

The Township provides funding for the annual normal cost of OPEB benefits. The Township has not provided any funding for its unfunded accrued OPEB obligation.

14. Contingent Liabilities

State and Federal 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 December 31, 2009, the Township estimates that no material liabilities will result from such audits.

15. 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"). The joint insurance 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.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

16. Length of Service Award Program ("LOSAP") - Unaudited

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer First Aid Squad. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a "length of service award plan under Section 457(e)11 of the Internal Revenue Code".

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 2005.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2005.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Criteria for Eligibility; Contributions; Points - Any active volunteer member shall eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Township, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

Determination as to Eligibility - Each emergency service organization shall provide to the Chief Financial Officer, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as of each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Council for approval, in accordance with the provisions of N.J.A.C. 5:30-14.10. The decision of the Township Council as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

Terms of Participation - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

Vesting - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

TOWNSHIP OF OCEAN
COUNTY OF OCEAN, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

16. Length of Service Award Program ("LOSAP") – Unaudited (continued)

Termination of Service - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

Reporting Requirements - N.J.A.C. 5:30-14.49 requires that the Township perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

17. Subsequent Event

On April 8, 2010, the Township adopted a resolution authorizing the filing of an application for an interim project construction loan of \$845,000.00 from the New Jersey Environmental Infrastructure Trust under the 2010 Financing Program.

TOWNSHIP OF OCEAN, OCEAN COUNTY
TOTAL DEBT SERVICE

YEAR	GRAND TOTAL	CAPITAL FUND		WATER UTILITY FUND		SEWER UTILITY FUND		NEW BONDS - 2010	
		PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST
2010	\$ 1,007,067.26	\$ 307,000.00	\$ 192,420.00	\$ 243,236.84	\$ 226,385.42	\$ 13,500.00	\$ 24,525.00		
2011	1,551,200.69	322,000.00	179,073.00	514,534.55	218,243.14	43,500.00	23,850.00	\$ 250,000.00	
2012	1,459,041.17	230,000.00	165,020.00	543,006.43	193,274.74	46,500.00	21,240.00	260,000.00	
2013	1,363,448.94	240,000.00	155,820.00	463,742.46	166,436.48	49,000.00	18,450.00	270,000.00	
2014	1,351,320.00	250,000.00	146,220.00	468,000.00	139,590.00	52,000.00	15,510.00	280,000.00	
2015	1,360,120.00	260,000.00	136,220.00	495,000.00	111,510.00	55,000.00	12,390.00	290,000.00	
2016	1,521,720.00	270,000.00	125,820.00	661,500.00	81,810.00	73,500.00	9,090.00	300,000.00	
2017	1,531,820.00	280,000.00	115,020.00	702,000.00	42,120.00	78,000.00	4,680.00	310,000.00	
2018	713,820.00	290,000.00	103,820.00					320,000.00	
2019	722,220.00	300,000.00	92,220.00					330,000.00	
2020	735,220.00	310,000.00	80,220.00					345,000.00	
2021	737,820.00	320,000.00	67,820.00					350,000.00	
2022	750,020.00	330,000.00	55,020.00					365,000.00	
2023	756,820.00	330,000.00	41,820.00					385,000.00	
2024	758,290.00	340,000.00	28,290.00					390,000.00	
2025	769,350.00	350,000.00	14,350.00					405,000.00	
2026	0.00	0.00	0.00						-
	<u>\$ 17,089,298.06</u>	<u>\$ 4,729,000.00</u>	<u>\$ 1,699,173.00</u>	<u>\$ 4,091,020.28</u>	<u>\$ 1,179,369.78</u>	<u>\$ 411,000.00</u>	<u>\$ 129,735.00</u>	<u>\$ 4,850,000.00</u>	<u>\$ 0.00</u>

APPENDIX B

LOMURRO, DAVISON, EASTMAN & MUÑOZ, P.A.

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¹⁰CERTIFIED BY THE SUPREME COURT OF N.J. AS A:

¹CIVIL TRIAL ATTORNEY

¹²CRIMINAL TRIAL ATTORNEY

¹¹MATRIMONIAL LAW ATTORNEY

August 13, 2010

Township Committee of the
Township of Ocean, in the
County of Ocean, New Jersey

Dear Committee Members:

We have examined a record of proceedings relating to the issuance of \$4,850,000 General Obligation Bonds of the Township of Ocean, a municipal corporation of the State of New Jersey, situate in the County of Ocean (the "Bonds"). The Bonds are dated the date of delivery, mature on August 1 in the principal amounts and bear interest at the rates per annum payable February 1, 2011 and semiannually thereafter on the first days of February and August in each year until maturity as described in the following schedule:

Year	Principal Amount	Interest Rate
2011	\$250,000	%
2012	\$260,000	
2013	\$270,000	
2014	\$280,000	
2015	\$290,000	
2016	\$300,000	
2017	\$310,000	
2018	\$320,000	
2019	\$330,000	
2020	\$345,000	
2021	\$350,000	
2022	\$365,000	
2023	\$385,000	
2024	\$390,000	
2025	\$405,000	

¹⁰The Certified designation by the New Jersey Supreme Court is limited to attorneys who have demonstrated 1) substantial involvement in trial matters in Superior Court, 2) an unblemished reputation as attested to by judges and attorneys, and 3) substantial knowledge and continuing legal education shown by passing a special written examination on trial practice.

The Bonds are issued in the form of one Bond for each maturity, being fifteen in number, and are numbered GO-1 to GO-15, inclusive, in order of maturity. The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey and a resolution of the Township Committee adopted July 8, 2010 and entitled, "Resolution Providing for the Combination of Certain Issues of General Improvement Bonds and Water Utility Bonds of the Township of Ocean, New Jersey into a Single Issue of Bonds Aggregating \$4,850,000 in Principal Amount" in all respects duly approved and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

The Bonds are subject to redemption prior to their stated maturities. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as Securities Depository.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligations of the Township of Ocean and the Township has the power and is obligated to levy ad valorem taxes upon all the taxable real property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The Township has covenanted to comply with any continuing requirements that may be necessary to preserve the tax exempt status of the Bonds under the Internal Revenue Code of 1986, as amended (the "Code"). In the event that the Township continuously complies with its covenant, it is our opinion that interest on the Bonds is not includable in gross income for federal income tax purposes under the current law.

In our opinion, the Bonds are not "private activity bonds" as defined in the Code and interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals. Interest on the Bonds held by a corporate taxpayer is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Bonds in "adjusted current earnings." We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

Further, in our opinion, interest on the Bonds and any gain on the sale of the Bonds are not includable as gross income under the New Jersey Gross Income Tax Act.

Very truly yours,

Lomurro, Davison, Eastman & Munoz, P.A.

By: John L. Kraft, Esq.

APPENDIX C

SECONDARY MARKET DISCLOSURE UNDERTAKING

This UNDERTAKING is made as of August 13, 2010 by the TOWNSHIP OF OCEAN (the "Issuer") New Jersey for the purpose of obligating the Issuer to make secondary market disclosure as contemplated by SEC Rule 15c2-12 (the "SEC Rule"). Defined terms used in the UNDERTAKING shall have the definitions set forth in the SEC Rule unless the context of the UNDERTAKING clearly indicates otherwise.

Section 1. The obligations with respect to which the UNDERTAKING applies are described in as follows (the "Municipal Securities"):

The \$4,850,000 General Obligation Bonds are dated the date of delivery, mature in the principal amounts on August 1 and bear interest at the rates per annum payable February 1, 2011 and semiannually thereafter on the first days of February and August in each year until maturity as described in Schedule A, attached hereto.

Section 2. The term of the UNDERTAKING is from the date of delivery of the Municipal Securities by the Issuer to the date of the last payment of principal or redemption price, if any, of, and interest to accrue on, the Municipal Securities.

Section 3. The Issuer is the only Obligated Person with respect to the Municipal Securities.

Section 4. The Issuer undertakes to provide the Annual Financial Information and Operating Data to www.emma.msrb.org ("EMMA") for each fiscal year ending on or after December 31, 2010:

The Annual Financial Information and Operating Data is as follows:

Audited Financial Statements.

Property Valuation.

Tax Rate.

Tax Levy and Collection Data.

New Debt.

Litigation.

Section 5. The Annual Financial Information and Operating Data shall be filed with EMMA within 180 days after the close of the Issuer's fiscal year, except that audited financial statements will be filed with EMMA within 60 days after receipt by the Issuer.

Section 6. The accounting principle followed by the Issuer is the "Modified Cash Basis," as promulgated by the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey. If the Issuer is required by law or regulation to adopt different accounting principles, notice of such change shall be provided as part of the Issuer's next succeeding Annual Financial Information and Operating Data.

Section 7. The Issuer undertakes to disclose to EMMA in a timely manner the occurrence of any of the following events, if any such occurrence is 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 Municipal Securities;
- (7) modifications to the rights of owners of the Municipal Securities;
- (8) bond calls;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the securities; and
- (11) rating changes.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that such other event is material with respect to the Municipal Securities, but the Issuer does not undertake to provide any such notice of the occurrence of any material event except those events listed above.

Section 8. If the Issuer fails to disclose Annual Financial Information and Operating Data as required by the UNDERTAKING, the Issuer shall provide notice of such failure to EMMA in a timely manner.

Section 9. The UNDERTAKING is made for the benefit of the holders or beneficial owners of the Municipal Securities and may be enforced by any such holder or beneficial owner. The sole remedy of any such holder or beneficial owner shall be for specific performance of the UNDERTAKING and not for money damages in any amount.

Section 10. This UNDERTAKING may be amended by the Issuer from time to time if the following conditions are met:

- (a) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements;
- (b) The UNDERTAKING, as amended, would have complied with the requirements of the SEC Rule at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and
- (c) The amendment does not materially impair the interests of holders or beneficial owners, as determined by the Issuer's bond counsel.

Notice of any amendment shall be filed with EMMA in a timely manner.

IN WITNESS WHEREOF, THE TOWNSHIP OF OCEAN has caused this UNDERTAKING to be executed in its name by its Chief Financial Officer and its corporate seal to be affixed hereto and said seal to be attested by the Township Clerk, all as of the 13th day of August, 2010.

(SEAL)

TOWNSHIP OF OCEAN

By: _____
Diane Ambrosio, Clerk

By: _____
Christine Thorne, Chief
Financial Officer