

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 22, 2010**

**NEW ISSUE**

**RATING:** Standard & Poor's: \_\_\_\_\_

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

**TOWNSHIP OF MANCHESTER  
in the County of Ocean, New Jersey**

**\$15,555,000 WATER UTILITY BONDS, SERIES 2010A**

**and**

**\$5,185,000 SEWER UTILITY BONDS, SERIES 2010B  
(Bank-Qualified) (Book-Entry-Only) (Callable)**

**Dated: Date of Delivery**

**Due: August 1, as shown on inside front cover**

The \$15,555,000 Water Utility Bonds, Series 2010A (the "Water Utility Bonds") and the \$5,185,000 Sewer Utility Bonds, Series 2010B (the "Sewer Utility Bonds" together with the "Water Utility Bonds", collectively the "Bonds") of the Township of Manchester, in the County of Ocean, New Jersey (the "Township") will be issued in the form of one certificate for each of the principal amounts of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as Securities Depository. See "THE BONDS - Book-Entry Only System" herein.

Interest on the Bonds will be payable by the Township semiannually on the first day of February and August in each year until maturity, commencing on February 1, 2011. Principal of and interest on the Bonds will be paid to the Securities Depository by the Township or its designated Paying Agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds maturing on or after August 1, 2022 are subject to redemption prior to their stated maturities. See "THE BONDS - Redemption" herein.

The Bonds are valid and legally binding obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

*The Bonds are offered for sale upon the terms of the Notice of Sale and subject to approval by GluckWalrath LLP, Trenton, New Jersey, Bond Counsel to the Township. Certain legal matters will be passed upon for the Township by its legal counsel, Steven Secare, Esq., Toms River, New Jersey. It is expected that the Bonds will be available for delivery to DTC in New York, New York on or after October 14, 2010.*

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

**ELECTRONIC PROPOSALS WILL BE RECEIVED FOR THE BONDS UNTIL 11:00 AM ON SEPTEMBER 30, 2010. ALL PROPOSALS MUST BE IN ACCORDANCE WITH THE NOTICE OF SALE.**

**TOWNSHIP OF MANCHESTER**  
**In the County of Ocean, New Jersey**

**MATURITY SCHEDULE, INTEREST RATES AND YIELDS OR PRICES**

**\$15,555,000 WATER UTILITY BONDS, SERIES 2010A**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2012	\$ 75,000			2027	309,000		
2013	80,000			2028	315,000		
2014	246,000			2029	318,000		
2015	249,000			2030	321,000		
2016	263,000			2031	324,000		
2017	265,000			2032	324,000		
2018	266,000			2033	891,000		
2019	274,000			2034	936,000		
2020	276,000			2035	985,000		
2021	285,000			2036	1,035,000		
2022	294,000			2037	1,088,000		
2023	297,000			2038	1,144,000		
2024	297,000			2039	1,203,000		
2025	304,000			2040	1,264,000		
2026	309,000			2041	1,318,000		

**\$5,185,000 SEWER UTILITY BONDS, SERIES 2010B**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2012	\$ 25,000			2023	\$ 244,000		
2013	36,000			2024	271,000		
2014	99,000			2025	293,000		
2015	114,000			2026	319,000		
2016	118,000			2027	351,000		
2017	136,000			2028	379,000		
2018	155,000			2029	411,000		
2019	169,000			2030	446,000		
2020	190,000			2031	481,000		
2021	204,000			2032	523,000		
2022	221,000						

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

**GOVERNING BODY**

Michael Fressola  
Craig Wallis  
Warren E. Reiter  
Frederick F. Trutkoff  
Kenneth H. Vanderziel  
Brendan Weiner

**TITLE**

Mayor  
Council President  
Council Vice President  
Council Member  
Council Member  
Council Member

**OFFICIALS**

Elena Zsoldos  
Diane Lapp  
Sabina T. Skibo  
Andrea Gaskill  
Martin Lynch  
Steven Secare  
Charles Starkey

Business Administrator  
Chief Financial Officer  
Township Clerk  
Tax Collector  
Township Assessor  
Township Attorney  
Utilities Attorney

**PROFESSIONALS**

Samuel Klein and Company, CPA's  
GluckWalrath LLP

Township Auditor  
Bond Counsel

No dealer, broker or 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 Township. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, 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 any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by 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 inspected at the offices of the Township's Chief Financial Officer during normal business hours.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township.

GluckWalrath LLP has not participated in the preparation of the financial statements or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness, or fairness thereof, and accordingly, express no opinion with respect thereto.

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## **OFFICIAL STATEMENT**

### **TOWNSHIP OF MANCHESTER In the County of Ocean, New Jersey**

**\$15,555,000 WATER UTILITY BONDS, SERIES 2010A**

**and**

**\$5,185,000 SEWER UTILITY BONDS, SERIES 2010B**

## **INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, is furnished by the Township of Manchester (the "Township"), in the County of Ocean (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$15,555,000 Water Utility Bonds, Series 2010A (the "Water Utility Bonds") and \$5,185,000 Sewer Utility Bonds, Series 2010B (the "Sewer Utility Bonds" together with the "Water Utility Bonds", collectively the "Bonds"). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer.

This Official Statement is "deemed final," as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12").

Certain economic and financial information relating to the Township is set forth in Appendices A and B hereto.

## **THE BONDS**

### **Authorization and Purpose of the Bonds**

The Bonds have been authorized to be issued pursuant to the laws of the State of New Jersey, including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended and supplemented (the "Local Bond Law"); (ii) various bond ordinances duly and finally adopted by the Township Council of the Township (the "Township Council") and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Township Council on September 13, 2010.

The Bonds are being issued to provide funds which will be used to: (i) permanently finance a portion of the costs of the acquisition of the operating assets of the Crestwood Village Water Company and the Crestwood Village Sewer Company, together with capital improvements respectively thereto, by the repayment at maturity of the principal of certain water utility bond anticipation notes and sewer utility bond anticipation notes heretofore issued by the Township; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

### **General Description**

The Bonds shall be dated and shall bear interest from October 14, 2010 and will mature on August 1 in each of the years and amounts set forth on the cover page hereof. The Bonds shall bear interest, which is payable semiannually on the first day of February and August in each year (each constituting an "Interest Payment Date"), commencing February 1, 2011 at the interest rates set forth on the cover page hereof. The Bonds may be purchased in book-entry only form in the amount of \$1,000 or any integral multiple thereof through book-entries made on the books and the records of The Depository Trust Company, New York, New York ("DTC") and its participants. See "Book-Entry Only System" herein. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 15 and July 15.

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 the principal amount of \$1,000 or any integral multiple thereof.

### **Book-Entry Only System**

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations concerning these matters.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of CEDE & CO. (DTC's partnership nominee). One fully registered Bond certificate will be issued for each year of maturity of each series of the Bonds, in the aggregate principal amount of each maturity, and will be deposited with DTC.

DTC, the world's largest 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 and 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of 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 Bonds, except in the event that use of the book-entry 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.

Neither DTC nor CEDE & CO. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participants in accordance with DTC's 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 the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend 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 Township as 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 to DTC or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to CEDE & CO. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township, 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.

**THE TOWNSHIP WILL NOT HAVE THE RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE ON THE BONDS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE OF DTC AND THE REGISTERED OWNER OF THE BONDS. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.**

#### **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.

**THE INFORMATION CONTAINED IN THE SUBSECTIONS "BOOK-ENTRY ONLY SYSTEM" AND "DISCONTINUATION OF BOOK-ENTRY ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE TOWNSHIP MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.**

#### **Redemption**

The Bonds maturing on or prior to August 1, 2021, are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 2022, are subject to redemption, at the option of the Township, on or after August 1, 2021 at 100% of the principal amount (the "Redemption Price"), plus in each case accrued interest to the date fixed for 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 (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds 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. Any failure of the Securities Depository to advise any of its participants or any failure to any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Township; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion hereof 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. Payment shall be made upon surrender of the Bonds redeemed.

## **SECURITY FOR THE BONDS**

The Bonds are 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 the interest on the Bonds without limitation as to rate or amount.

## **PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

### **Local Bond Law (N.J.S.A. 40A:2-1 et seq.)**

The Local Bond Law governs the issuance of bonds and notes 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 be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township are general full faith and credit obligations.

### **Debt Limits**

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its average equalized valuation basis. 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 Director of Taxation, is \$4,639,082,718.33.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Township has not exceeded its statutory debt limit. At June 30, 2010 the statutory net debt as a percentage of average equalized valuation was 0.507%. As noted above, the statutory limit is 3.50%.

### **Exceptions to Debt Limits - Extensions of Credit**

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency (the "Local Finance Board"). If all or any part of a 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 public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township without the approval of the Local Finance Board to fund certain notes for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

### **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 may be amended and supplemented, creating such capital expenditures. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus 4 months in the next following fiscal year from the date of original issuance. Certain statutory payments are required if the notes are renewed beyond the third anniversary date equal to the minimum amount required for the first year's principal payment for a bond issue.

### **School Debt**

State law permits the school district to authorize school district debt, including debt in excess of its independent debt limit of 4% of the equalized evaluation basis, 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 Commissioner of Education and the Local Finance Board must approve the proposed debt authorization.

### **The 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 a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, 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.

### **Limitations on Municipal Appropriations and Tax Levy**

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more

than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

Additionally, new legislation constituting P.L. 2007, c.62, effective April 3, 2007, imposes a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for debt service and certain lease payments to county improvement authorities, increases to replace certain lost state aid, increases in certain pension contributions, increases in the reserve for uncollected taxes required for municipalities, and certain increases in health care costs over 4%. The Local Finance Board may approve waivers for certain extraordinary costs identified by the statute, and voters may approve increases above 4% not otherwise permitted by a vote of 60% of the voters voting on a public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service on its bonds or notes.

### **Miscellaneous Revenues**

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget 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 of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

### **Real Estate Taxes**

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 governs anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by 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 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the 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 December 31, of such 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 required 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 at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

Levy required to balance budget        =        Total Taxes to be Levied  
Prior Year's Percentage of Township's  
Current Tax Collections or Less

### **Deferral of Current Expenses**

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the Township Council. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

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, revisions and codification of ordinances, master plan preparations and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

### **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body, however, a) no transfers may be made to appropriations for contingent expenses, deferred charges, or emergency appropriation, b) no transfers may be made from appropriations for contingent expenses, deferred charges, cash deficit of preceding year, reserve for uncollected taxes, down payments, capital improvement fund, interest and redemption charges and emergency appropriations.

### **Operation of Utilities**

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property.

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 budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

### **Capital Budget**

In accordance with the Local Budget Law, the Township must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over 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.

### **The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)**

This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually 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 units financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended June 30, 2009 is on file with the Township Clerk and is available for review during business hours.

## **IMPACT OF STATE FISCAL EMERGENCY**

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

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

Governor Christie's proposal represents a reduction of approximately 17% in combined COMPTRA and Energy Tax Receipts aid statewide. While the Township cannot predict the outcome of the FY 2011 State Budget or of the proposed legislation and constitutional amendment noted above. However, it appears likely that there will be significant reductions in State aid to the Township during the State's 2011 fiscal year, with corresponding financial pressures upon the Township to offset such reductions through either spending reductions or increased revenues. Projected State aid figures by the Department of Community Affairs (DCA) on March 18, 2010 reflect an approximately 14.45% decrease in COMPTRA and Energy Tax Receipts aid, from \$14,664,502 in State FY 2010 to \$12,545,482 in State FY 2011. In addition, DCA announced that 5% of State FY 2011 aid would be withheld unless the municipality certifies compliance with certain best-practices standards.

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

## **TAX MATTERS**

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

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

Section 265(b) of the Code generally denies to financial institutions any deduction for that portion of interest expense incurred to purchase or carry certain tax-exempt obligations. An exception is provided certain small issuers who designate the obligations as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code and, provided certain conditions are met, for obligations the proceeds of which refund obligations which were designated as qualified tax-exempt obligations. Such obligations will be subject to a reduced disallowance rule. The Bonds will be designated by the Township as qualified tax exempt obligations under Section 265(b) of the Code.

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

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

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

## **State Taxation**

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

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

## **LITIGATION**

To the knowledge of the Township Attorney, Steven Secare, Esq., there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, 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's Attorney and delivered to the Underwriter at the closing.

## **LEGALITY FOR INVESTMENT**

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional, 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 obligations of the Township, including the Bonds and such Bonds are authorized security for any and all public deposits.

## **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, the Bankruptcy Reform Act of 1994, effective October 22, 1994 and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy 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; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

## **SECONDARY MARKET DISCLOSURE**

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

The notices of material events will be filed by the Township with the Municipal Securities Rulemaking Board.

The Township has never failed to comply, in all material respects, with any previous undertakings to provide continuing disclosure compliance with the requirements of Rule 15c2-12.

## **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 Underwriter by a certificate signed by the Chief Financial Officer, that to her knowledge such descriptions and statements, as of the date of this Official Statement, 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 herein, in light of the circumstances under which they were made, not misleading.

Samuel Klein and Company, Certified Public Accountants, Newark, New Jersey, assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements included herein as Appendix B, to the extent specified in their Independent Auditor's Report.

All other information has been obtained from sources which the Township considers to be reliable and they make no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

GluckWalrath LLP, has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof, and, accordingly, express no opinion with respect thereto.

### **APPROVAL OF OFFICIAL STATEMENT**

The Township Council has adopted a resolution approving this Official Statement, deeming it a "final official statement" for purposes of Rule 15c2-12 and directing the Chief Financial Officer to deliver a reasonable number of copies in final form to the purchaser of the Bonds for its use in the sale, resale or distribution of the Bonds.

### **FINANCIAL STATEMENTS**

Appendix B contains certain condensed financial data of the Township for the Township's fiscal years ended June 30, 2006 through June 30, 2009. Such financial data was audited by Samuel Klein and Company, Certified Public Accountants, Newark, New Jersey, to the extent and for the period set forth in their report appearing in Appendix B and are included herein in reliance upon the authority of such firm. Samuel Klein and Company has consented to the inclusion of their report in this Official Statement.

### **UNDERWRITING**

The Bonds have been purchased from the Township by public sale by \_\_\_\_\_ (the "Underwriter"). The Bonds are being offered for sale at the yields or prices set forth on the cover of this Official Statement.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including requests for information in addition to that contained herein, may be directed to the Chief Financial Officer, Diane Lapp, Township of Manchester, One Colonial Drive, Manchester, New Jersey 08759, telephone number (732) 657-8121.

### **RATING**

The Bonds have been rated "\_\_\_\_\_" by Standard & Poor's Corporation (S&P). This rating reflects only the view of S&P, and an explanation thereof may be obtained from S&P, 55 Water Street, 39<sup>th</sup> Floor, New York, New York 10041-0003. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P, circumstances so warrant. Any such downward revision, qualification or withdrawal of the rating may have an adverse effect on the market price of the Bonds.



## **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 MANCHESTER**

/s/

**Diane Lapp**  
**Chief Financial Officer**

**Dated:** \_\_\_\_\_, **2010**

**APPENDIX A**

**DESCRIPTION OF THE TOWNSHIP OF MANCHESTER WITH  
CERTAIN DEMOGRAPHIC, ECONOMIC AND FINANCIAL INFORMATION**

## TOWNSHIP OF MANCHESTER

### General Information

The Township of Manchester, the third largest municipality in area size within Ocean County, was chartered in 1865 when it seceded from Dover Township. Manchester Township is a municipality comprised of approximately 82 square miles and is situated in the State of New Jersey along the western boundary line of the County of Ocean. The Township is located approximately 70 miles from the New York-New Jersey metropolitan region and approximately 60 miles from the Philadelphia-New Jersey metropolitan region.

The Township of Manchester is bounded by the Township of Jackson to the north, the Township of Lakewood to the northeast, the Township of Dover to the east and southeast, the Townships of Berkeley and Lacey to the south, and the Townships of Woodland and Pemberton, in the County of Burlington, to the west.

### TOWNSHIP GOVERNMENT AND FINANCIAL PROCEDURES

#### General

Until 1990 the Township functioned under a form of government known as Committee Form of Government which exercised both legislative and executive powers. The form of government was changed by a charter study referendum and, effective July 1, 1990, the Township adopted a Mayor-Council form of government.

The Mayor is elected for a four year term without limitation as to the number of terms which may be served. The Council consists of five members, each of whom is elected at-large. All elections are held in May and are non-partisan.

The Mayor is chief executive and administrative officer of the Township and, as such, is responsible for administering local laws and for policy development. The specific powers of the Mayor include appointment of department heads (with the advice and consent of Township Council), preparation of the Township's budget, and approval or veto (which may be overridden by a 2/3 vote) of ordinances adopted by the Township Council. The Mayor also appoints the Municipal Court Judge. In addition to serving on the Planning Board, the Mayor appoints all members to the Planning Board including one member who also serves on the Environmental Commission. The Mayor also appoints all members of the Board of Adjustment, the Environmental Commission and the Senior Advisory Committee.

Principal services provided by the municipal government include police and fire protection, street maintenance and cleaning, and parks and recreation.

The Township Council exercises all legislative powers, including final adoption of spending legislation such as budgets and bond authorizations for both municipal and zoning ordinances. The Township Council appoints the Township Clerk.

The Township Council may also conduct such investigations as it deems appropriate. The members of the Township Council, the dates at which their terms end, and the dates from which they have served continuously, are as follows:

<u>Name</u>	<u>Term Expires</u>	<u>Served Since</u>
Kenneth H. Vanderziel	June 30, 2012	July 1, 2004
Craig Wallis	June 30, 2014	July 1, 2006
Warren E. Reiter	June 30, 2012	July 1, 2008
Brendan Weiner	June 30, 2014	July 1, 2006
Frederick F. Trutkoff	June 30, 2012	July 1, 2004

## **Biographical Sketches**

Following are brief biographical sketches of the Township Officials with major responsibility for financial management and economic development:

Michael Fressola took office as Mayor on July 1, 1998, after serving on the Town Council from July 1, 1992 until June 30, 1996. He graduated from Pace University in 1951 with a Bachelors Degree in Business Administration. He retired in 1988 after a long career in the insurance business. He was a partner in a Bergen County, New Jersey general insurance agency for the last fifteen years.

Elena Zsoldos is the Township Business Administrator. She holds a certification in Public Management from Fairleigh Dickinson University. Ms. Zsoldos also serves as the Co-Insurance Commissioner for the Township. She has over 11 years of municipal experience. Prior to working for Manchester Township, she was responsible for overseeing the Alumni and Development Department for Admiral Farragut Academy.

Diane Lapp is the Director of Finance/Chief Financial Officer for the Township. Diane is a Certified Public Accountant, a Certified Municipal Finance Officer and a Certified Tax Collector. She has a B.S. degree in Accounting from Georgian Court University. Diane also serves on the Ocean County Joint Insurance Fund and the Central Jersey Health Insurance Fund as Executive Commissioner. Diane has served the Township for over twelve years.

## **Water and Sewer Services**

In October, 1993, the Township dissolved the Manchester Township Municipal Utilities Authority and assumed its functions and liabilities through the operation of a Municipal Sewer Utility and Water Utility within the Township's Department of Utilities and the Township Utility budgets.

The Township serves only the eastern portion of the Township with water. The water system itself, made up of tanks, several wells and piping is fragmented into three distinct different groups. One includes the Pine Lake Park System, which is the main system where they have three wells, a tank and a treatment plant. Another is the Leisure Knoll System that has three wells and one tank, and then the Holly Oaks and Knollwood System that has two wells and one tank. There is also another tank on the southern border that is an elevated tank that the system used for maintaining higher pressure.

The existing sewer system spans out throughout the entire Township. The Township is responsible for all collection systems which lead into the Ocean County Utilities Authority main trunk lines and the Ocean County Utilities Authority treats all the wastewater that is generated within the Township.

As to the water system, the main emphasis on future projects will be to integrate the entire water system within the Eastern section of the Township so that the entire system can be put together. In addition, the Township is extending the water system off Route 571 in the area of Route 70 to provide service to existing homes and to allow for future expansion.

As to the sewer system, the Township has completed the Cedar Glen Lakes Project, which includes a main trunk line system to sewer the remaining 208 area in Whiting, the western section of the Township, which was financed in 1994 through the New Jersey Waste Water Treatment Trust/Fund.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

**ECONOMIC INFORMATION**

Median Family Income - 2000					Per Capita Income			
		Township of	County of	State of		Township of	County of	State of
Income Group		Manchester	Ocean	New Jersey	Year	Manchester	Ocean	New Jersey
\$ Less than	\$ 10,000.00	237	4,029	88,844	1970	\$ 2,857.00	\$ 3,079.00	\$ 3,674.00
10,000.00	14,999.00	392	3,652	58,500	1975	4,915.00	4,792.00	5,600.00
15,000.00	24,999.00	1,596	12,643	156,939	1977	5,595.00	5,518.00	6,492.00
25,000.00	34,999.00	1,912	15,356	189,840	1980	7,257.00	7,009.00	8,128.00
35,000.00	49,999.00	2,287	23,873	293,443	1990	14,906.00	15,598.00	18,714.00
50,000.00	74,999.00	2,439	34,209	463,743	2000	22,409.00	23,054.00	27,006.00
75,000.00	99,999.00	1,026	21,731	342,115				
100,000.00	149,999.00	697	16,386	340,376				
150,000.00	199,999.00	164	3,978	115,666				
More Than	200,000.00	<u>131</u>	<u>2,583</u>	<u>118,112</u>				
Total Families		<u>10,881</u>	<u>138,440</u>	<u>2,167,577</u>				
Median Family Income		<u>\$43,363</u>	<u>\$56,420</u>	<u>\$65,370</u>				

Source: 2000 Income Census, U.S. Bureau of the Census

Source: United States Department of Commerce,  
Bureau of the Census

**\*Covered Employment**

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Township of Manchester	2,872	2,859	2,773	2,605
County of Ocean	109,384	108,871	108,358	108,062
State of New Jersey	3,190,203	3,308,821	3,427,438	3,352,822

\*Covered Employment Data shows the number of jobs subject to the New Jersey Unemployment Compensation Law. The quality of industrial and area summaries are dependent upon Employer input and comparability between years is affected by changes to coverage provisions and modification to the S.I.C. Manual.

Source: New Jersey Covered Employment Trends, State of New Jersey, Department of Labor, Division of Planning and Research Office of Demographic and Economic Analysis

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

**LABOR FORCE ESTIMATES**

<u>Year</u>	<u>Township of Manchester</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2009	22,752	10,121	1,621	13.90 %
2008	11,309	10,510	799	7.10
2007	11,326	10,659	667	5.90
2006	11,442	10,699	743	6.50
2005	11,226	10,614	612	5.50

<u>Year</u>	<u>County of Ocean</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2009	263,069	237,440	25,629	9.70 %
2008	260,053	244,509	15,544	6.00
2007	257,602	245,899	11,703	4.50
2006	257,236	244,473	12,763	5.00
2005	250,176	238,937	11,239	4.50

<u>Year</u>	<u>State of New Jersey</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2009	4,536,700	4,118,400	418,300	9.20 %
2008	4,496,700	4,251,200	245,500	5.00
2007	4,466,300	4,276,600	189,700	4.20
2006	4,518,000	4,309,000	209,000	4.60
2005	4,430,373	4,235,937	194,436	4.40

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Source: New Jersey Department of Labor, Division of Planning and Research, Office of Demographics and Economic Analysis

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

**HOUSING CHARACTERISTICS - HOUSING UNITS - 2000**

	<u>Township of Manchester</u>	<u>County of Ocean</u>	<u>State of New Jersey</u>
Number of Units:			
Owner Occupied	19,020	166,826	2,011,473
Renter Occupied	1,668	33,576	1,053,172
Vacant	<u>1,993</u>	<u>48,309</u>	<u>245,630</u>
Total	<u>22,681</u>	<u>248,711</u>	<u>3,310,275</u>
Median Value Owned	<u>\$88,908</u>	<u>\$154,000</u>	<u>\$187,000</u>
Year Structure Built - <u>All Year Round Units - 2000</u>			
1999 - March 2000	627	5,904	48,124
1995 - 1998	1,495	16,961	139,421
1990 - 1994	1,214	16,639	158,581
1980 - 1989	6,019	51,068	409,978
1970 - 1979	9,770	61,770	462,740
1960 - 1969	2,426	43,345	526,732
1940 - 1959	860	39,950	898,653
1939 or Earlier	266	13,074	666,046

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Source: 2000 Census of Population and Housing, United States Department of Commerce,  
Bureau of the Census

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

**BUILDING PERMITS**

<u>Year</u>	<u>Total Number</u>	<u>Construction Value</u>
2004	2,344	\$47,650,751.71
2005	2,126	39,634,420.79
2006	2,424	45,440,116.75
2007	2,739	40,801,466.51
2008	2,537	25,351,711.78
2009	2,789	26,660,711.96
January 1, 2010 - August 27, 2010	1,901	17,012,851.40

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Source: Township Building Inspector



TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

**POPULATION**

<u>Year</u>		<u>Population</u>
2009 (Estimate)	Federal Censes	41,848
2007 (Estimate)	Federal Census	41,713
2000	Federal Census	38,928
1990	Federal Census	35,976
1980	Federal Census	27,987

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

**LARGEST TAXPAYERS**

<u>Taxpayer</u>	<u>2009 Assessed Value</u>
Cedar Glen Lakes	\$ 83,656,900
Crestwood Village Co-Op IV	79,101,500
Crestwood Village Co-Op II	67,784,100
Crestwood Village Co-Op III	65,900,000
Crestwood Village Co-Op I	51,578,600
Pine Ridge MHC LLC	47,000,000
Manchester Plaza	35,061,900
Presbyterian Homes	34,200,000
Cedar Glen West	32,800,800
Hovson's Inc.	<u>31,503,800</u>
	<u>\$528,587,600</u>

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Source: The Township

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

**TEN LARGEST EMPLOYERS**

<u>Employer</u>	<u>Approximate Number of Employees</u>
Joint Base - Lakehurst	3,550
Manchester Township Board of Education	600
Whiting Healthcare	280
Manchester Township	228
Arista Healthcare	225
Crestwood Manor	225
ShopRite	200
Manchester Manor	192
Lowe's	120
Arbors Care Center	120

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Source: The Township

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

**REAL PROPERTY CLASSIFICATION - 2006 - 2010**

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Commerical</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Real Property</u>	<u>Business Personal Property*</u>	<u>Net Valuation Taxable</u>
2010	\$200,659,400	\$3,045,434,794	\$3,914,600	\$364,006,600	\$27,443,100	\$436,648,600	\$4,078,107,094	\$7,138,078	\$4,085,245,172
2009**	213,648,600	3,026,608,894	4,049,700	366,959,800	28,008,600	436,683,600	4,075,959,194	7,836,045	4,083,795,239
2008	67,756,300	1,650,351,281	1,569,300	147,430,600	16,353,600	266,168,300	2,149,629,381	3,195,377	2,152,824,758
2007	56,119,300	1,623,201,581	1,698,100	139,220,200	9,971,600	266,171,600	2,096,382,381	3,430,384	2,099,812,765
2006	64,953,300	1,568,304,781	1,669,000	133,312,300	9,971,600	269,122,200	2,047,333,181	3,783,444	2,051,116,625

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Source: The Township

Notes: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

Tax rates are per \$100.

\* Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

\*\* Revaluation Year

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

**ASSESSED VALUATION AND TAX RATES**

<u>Year</u>	<u>Real Property</u>	<u>Net Taxable Value Real and *Personal Property</u>	<u>Tax Rate per \$100.00</u>	<u>Real Property Assessed Valuation Percentage of True Value</u>
2010	\$4,078,107,094.00	\$4,085,245,172.00	\$1.757	100.18 %
2009**	4,075,959,194.00	4,083,795,239.00	1.672	101.39
2008	2,149,629,381.00	2,152,824,758.00	3.156	41.71
2007	2,096,382,381.00	2,099,812,765.00	2.939	48.68
2006	2,047,333,181.00	2,051,116,625.00	2.838	54.56

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\*Consists of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger Systems Companies. (Chapter 38, P.L. 1966)

\*\*Revaluation Year

**COMPARISON OF COMPONENTS OF TAX RATE**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Tax Rate	<u>\$1.757</u>	<u>\$1.672</u>	<u>\$3.156</u>	<u>\$2.939</u>	<u>\$2.838</u>
Apportionment of Tax Rate:					
Municipal	\$ .444	\$0.391	\$0.799	\$0.691	\$0.641
Municipal Open Space	.010	0.010	0.010	0.010	0.010
County	.361	0.360	0.687	0.632	0.618
Local School	<u>.942</u>	<u>0.911</u>	<u>1.660</u>	<u>1.606</u>	<u>1.569</u>
	<u>\$1.757</u>	<u>\$1.672</u>	<u>\$3.156</u>	<u>\$2.939</u>	<u>\$2.838</u>

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Source: The Township

\*\*Revaluation Year

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

**DEBT STATEMENT AS OF JUNE 30, 2010**

**GROSS DEBT**

Local School District:		
Serial Bonds Issued		\$27,694,000.00
Municipal Debt:		
Serial Bonds Issued	\$15,723,000.00	
Bond Anticipation Notes Issued	6,000,000.00	
Bond Anticipation Notes Authorized but Not Issued	1,486,794.63	
Green Acres Loan Payable	902,908.15	
N.J. Economic Development Payable	<u>5,500.00</u>	
		24,118,202.78
Water Utility:		
Serial Bonds Issued		3,075,000.00
Water - West Utility:		
Bond Anticipation Notes Issued		15,555,000.00
Sewer Utility:		
Serial Bonds Issued	3,410,000.00	
New Jersey Waste Water Loan Program	<u>672,435.79</u>	
		4,082,435.79
Sewer - West Utility:		
Bond Anticipation Notes Issued		<u>5,185,000.00</u>
TOTAL GROSS DEBT		79,709,638.57

**Statutory Deductions**

Local School District Debt:		
Maximum (4% of Average Equalized Valuation \$185,563,308.73)	27,694,000.00	
Municipal Debt:		
Water Utility Debt	3,075,000.00	
Sewer Utility Debt	4,082,435.79	
Refunding Pension Bonds	575,000.00	
Water - West Utility Debt	15,555,000.00	
Sewer - West Utility Debt	<u>5,185,000.00</u>	
		<u>56,166,435.79</u>
STATUTORY NET DEBT		<u>\$23,543,202.78</u>
Average Equalized Valuation of Real Property for 2007-2009		<u>\$4,639,082,718.33</u>
Net Debt Percentage (Statutory Debt Limit 3 ½%)		<u>.507%</u>

**REMAINING STATUTORY BORROWING POWER AS OF JUNE 30, 2010**

3 1/2% of Equalized Valuation Basis	\$162,367,895.14
Less: Statutory Net Debt	<u>23,543,202.78</u>
Remaining Borrowing Power	<u>\$138,824,692.36</u>

Gross Debt is the total financial obligation of the Municipality and its subdivisions. Statutory Deductions determine the Borrowing Power and Statutory Net Debt under the laws of the State of New Jersey.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

**DIRECT AND OVERLAPPING BONDED DEBT**  
**AS OF JUNE 30, 2010**  
**(UNAUDITED)**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Manchester Township	\$ 23,543,202	100.0%	\$23,543,202
County of Ocean	463,412,774	4.2%	19,463,337
Other Debt:			
None			<u>                    </u>
Sub-Total - Overlapping Debt			43,006,539
Manchester Township School District Direct Debt			<u>27,694,000</u>
Total Direct and Overlapping Bonded Debt as of June 30, 2010			<u><u>\$70,700,539</u></u>

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Source: Manchester Township Chief Financial Officer and County Treasurer's Office

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY  
(Unaudited)

**TAX COLLECTION EXPERIENCE**

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>		<u>Added Taxes</u>	<u>Collection to Date SFY June 30, 2010</u>		<u>Uncollected SFY June 30, 2010</u>
		<u>Amount</u>	<u>Percentage</u>		<u>Amount</u>	<u>Percentage</u>	
SFY 2010	\$70,679,200.31	\$69,038,444.42	97.67 %	\$	\$	%	\$1,008,780.23
SFY 2009	68,078,263.01	67,232,496.17	98.75		67,921,011.51	99.76	5,370.95
SFY 2008	66,577,713.53	65,928,445.48	99.02	69.27	66,560,662.11	99.97	
SFY 2007	60,715,643.14	60,074,402.42	98.94	1,290.11	60,602,699.31	99.81	
SFY 2006	58,146,753.90	57,569,394.53	99.00		58,065,667.48	99.86	
Tax Title Liens							26,300.84
Property Acquired for Taxes at Assessed Valuation							942,423.37

\*Balance remaining after credits for remissions and transfers to Tax Title Liens and Foreclosed Property.

**Tax Collection Procedure**

Property taxes are based on the Assessor's valuation of real property and are levied for the calendar year. The taxes for Township, Local School District, and County purposes are combined into one levy which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purposes of the Local School District cover the current calendar year. Turnover of tax monies by the Township to the Board of Education are based on school needs and are generally made on a periodic basis throughout the year. The Township remits county taxes quarterly, on the 15th days of February, May, August and November.

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 on the first day of August, November, February and May. Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500. Unpaid taxes are subject to tax sale as of July 1 following the year of levy, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.



**APPENDIX B**

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

**SAMUEL KLEIN AND COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS**

550 Broad Street  
Newark, New Jersey 07102-4517  
Phone (973) 624-6100  
Fax (973) 624-6101

36 West Main Street, Suite 301  
Freehold, New Jersey 07728-2291  
Phone (732) 780-2600  
Fax (732) 780-1030

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statutory basis financial statements of the various funds of the

**TOWNSHIP OF MANCHESTER**  
**COUNTY OF OCEAN**

as of and for the fiscal years ended June 30, 2009, 2008, 2007 and 2006. These statutory basis financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

These statutory basis financial statements have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. These practices differ in certain respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units. The more significant of these practices are described in Note 1 to the financial statements.

These financial statements were prepared for the purpose of inclusion in an official statement for the issuance of Water Utility Bonds, Series 2010A and Sewer Utility Bonds, Series 2010B of the Township of Manchester and were abstracted from audit reports issued under the periods referred to above as dated January 28, 2010, February 23, 2009, January 18, 2008 and January 19, 2007, respectively.

The following funds and account groups which were required to be the subject of our audit for the statutory basis financial statements of the Township of Manchester are not required for this purpose and are not included in these special purpose financial statements:

Public Assistance Trust Fund  
Capital Fixed Assets

The omission of these funds and account groups from the statements presented herein, do not materially affect the financial position of the Township.

In our opinion, because of the Municipality's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Manchester as of June 30, 2009, 2008, 2007 and 2006 or the results of its operations for the years then ended.

However, in our opinion, the statutory basis financial statements referred to above present fairly, in all material respects, the financial position of the Township of Manchester in the County of Ocean, as of June 30, 2009, 2008, 2007 and 2006, and the results of operations of such funds for the years then ended, in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and described in Note 1 to the financial statements.



SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey  
January 28, 2010

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE BALANCE SHEET - CURRENT FUND

Sheet #1

	<u>Unaudited</u>	<u>Audited</u>			
	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>
<u>ASSETS AND DEFERRED CHARGES</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
<u>Regular Fund</u>					
Cash	\$ 1,179,854.06	\$ 2,182,218.56	\$ 4,641,699.85	\$ 3,916,073.65	\$ 4,656,013.16
Change Fund	630.00	730.00	730.00	250.00	250.00
Due from State of New Jersey:					
Ch. 128, P.L. 1976	960,971.44	1,008,976.42	1,043,934.99	1,094,543.15	1,135,390.82
	<u>2,141,455.50</u>	<u>3,191,924.98</u>	<u>5,686,364.84</u>	<u>5,010,866.80</u>	<u>5,791,653.98</u>
Receivables and Other Assets with Full Reserves:					
Taxes Receivable	1,014,151.18	690,404.19	639,868.23	582,628.67	509,376.86
Tax Title Liens	26,300.84	20,794.35	19,831.98	20,855.26	20,758.00
Property Acquired for Taxes at Assessed Valuations	942,423.37	942,423.37	942,423.37	942,423.37	942,423.37
Demolition Liens				796.96	796.96
Interfunds Receivable	9,202.30	10,762.88	34,984.56	6,023.45	
Revenue Accounts Receivable		55,574.12	68,874.15	79,220.77	74,004.19
	<u>1,992,077.69</u>	<u>1,719,958.91</u>	<u>1,705,982.29</u>	<u>1,631,948.48</u>	<u>1,547,359.38</u>
Deferred Charges:					
Emergency Authorizations (40A:4-47)		142,000.00	284,000.00	426,000.00	
		<u>142,000.00</u>	<u>284,000.00</u>	<u>426,000.00</u>	
	<u>4,133,533.19</u>	<u>5,053,883.89</u>	<u>7,676,347.13</u>	<u>7,068,815.28</u>	<u>7,339,013.36</u>
<u>Federal and State Grant Fund</u>					
Cash		32,520.58		58,180.01	232,039.76
Due from Current Fund	329,956.56				
Federal and State Grant Receivable	121,813.89	253,714.40	336,699.29	498,366.16	339,066.51
	<u>451,770.45</u>	<u>286,234.98</u>	<u>336,699.29</u>	<u>556,546.17</u>	<u>571,106.27</u>
	<u>\$ 4,585,303.64</u>	<u>\$ 5,340,118.87</u>	<u>\$ 8,013,046.42</u>	<u>\$ 7,625,361.45</u>	<u>\$ 7,910,119.63</u>

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE BALANCE SHEET - CURRENT FUND

Sheet #2

	Unaudited	Audited			
	Balance June 30, 2010	Balance June 30, 2009	Balance June 30, 2008	Balance June 30, 2007	Balance June 30, 2006
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Regular Fund</u>					
Expenditure Accounts:					
Appropriation Reserves:					
Encumbered	\$ 254,674.71	\$ 399,817.65	\$ 544,548.00	\$ 513,109.06	\$ 454,322.66
Unencumbered	256,128.87	749,006.29	1,328,748.10	1,165,796.66	1,084,951.28
Cash Liabilities:					
Due to General Trust Fund					106,337.06
Due to Federal and State Grant Fund	329,956.56				
Due to State of New Jersey:					
DCA Surcharge	2,746.00	604.00	11,790.00	8,824.00	6,757.00
Marriage License Fees	911.00	781.00	1,150.00	1,375.00	1,116.00
Tax Overpayments		6,712.31	24,109.16	43,376.88	37,488.35
Unappropriated State Aid - PILOT	238,840.61	237,530.87	236,941.05	237,355.93	237,570.84
Reserves:					
Tax Appeals	32,202.62	35,479.84	35,479.84	35,479.84	35,479.84
Revaluation		18,700.93	115,924.19	197,887.06	
Special Emergency Note Payable		142,000.00	284,000.00	426,000.00	
County Taxes Payable	0.01				
Prepaid Taxes	4,471.40	36,891.59	9,831.44	12,240.36	104,926.53
Accounts Payable	33,581.73	75,212.16	75,212.16	85,000.00	55,978.63
	<u>1,153,513.51</u>	<u>1,702,736.64</u>	<u>2,667,733.94</u>	<u>2,726,444.79</u>	<u>2,124,928.19</u>
Reserve for Receivables and Other Assets	1,992,077.69	1,719,958.91	1,705,982.29	1,631,948.48	1,547,359.38
Fund Balance	987,941.99	1,631,188.34	3,302,630.90	2,710,422.01	3,666,725.79
	<u>4,133,533.19</u>	<u>5,053,883.89</u>	<u>7,676,347.13</u>	<u>7,068,815.28</u>	<u>7,339,013.36</u>
<u>Federal and State Grant Fund</u>					
Due to Current Fund			24,151.14		
Reserve for Federal and State Grants:					
Appropriated Reserves	360,791.29	184,497.43	208,952.83	467,764.36	490,588.93
Reserve for Federal and State Grants:					
Unappropriated Reserves	90,979.16	101,737.55	103,595.32	88,781.81	80,517.34
	<u>451,770.45</u>	<u>286,234.98</u>	<u>336,699.29</u>	<u>556,546.17</u>	<u>571,106.27</u>
	<u>\$ 4,585,303.64</u>	<u>\$ 5,340,118.87</u>	<u>\$ 8,013,046.42</u>	<u>\$ 7,625,361.45</u>	<u>\$ 7,910,119.63</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - CURRENT FUND

	Unaudited	Audited			
	<u>SFY 2010</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>	<u>SFY 2006</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 1,600,000.00	\$ 3,098,215.91	\$ 2,600,000.00	\$ 2,520,000.00	\$ 3,225,000.00
Miscellaneous Revenue Realized	8,896,439.80	9,605,731.15	9,901,486.68	11,627,694.53	9,853,204.99
Receipts from Delinquent Taxes	691,375.56	632,216.63	541,023.21	487,526.68	650,246.76
Receipts from Current Taxes	69,038,444.42	67,232,496.17	65,928,445.48	60,074,402.42	57,569,394.53
Nonbudget Revenue	398,786.21	801,957.56	446,232.20	600,905.77	380,124.62
Other Credits to Income:					
Federal And State Grants Cancelled		21,800.67	32,046.68		
Prior Year Senior Citizens' Disallowed					1,037.68
Prior Year Senior Citizens' Allowed		3,691.30	2,139.08		
Due from Police Communication - Reserve to Pay Debt					296,843.00
Due from General Trust Fund - Liquidated	1,560.58	24,221.68			9,017.05
Reserve for Revaluation Cancelled	18,700.93				
Accounts Payable Cancelled					94,000.00
Unexpended Balances of Appropriation Reserves	606,501.92	507,700.19	829,219.77	650,524.37	585,964.62
	<u>81,251,809.42</u>	<u>81,928,031.26</u>	<u>80,280,593.10</u>	<u>75,961,053.77</u>	<u>72,664,833.25</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operations	22,313,343.90	22,342,503.42	23,580,791.08	23,307,449.69	21,327,928.08
Capital Improvement Fund	80,202.63	175,000.00	175,000.00	175,000.00	50,000.00
Debt Service	2,839,008.50	2,811,383.50	3,282,649.25	4,117,085.99	3,293,978.70
Deferred Charges and Statutory Expenditures	2,045,286.94	2,800,099.77	1,022,000.00	880,000.00	835,968.61
	<u>27,277,841.97</u>	<u>28,128,986.69</u>	<u>28,060,440.33</u>	<u>28,479,535.68</u>	<u>25,507,875.39</u>
County Taxes Payable	14,768,162.07	15,571,980.72	13,892,086.17	12,952,786.61	13,408,026.27
Local School District Tax Payable	37,813,209.00	36,576,791.00	34,892,145.00	32,944,992.00	31,160,081.00
Municipal Open Space Tax	408,379.00	215,282.00	209,981.00	205,111.00	199,130.00
Federal and State Grants Receivable Cancelled				9,029.19	
Interfunds Established			28,961.11	6,023.45	
Prior Year Revenue Refunded	14,888.69		4,770.60	225,879.62	310.00
Prior Year Taxes	12,575.04	8,217.50			
	<u>80,295,055.77</u>	<u>80,501,257.91</u>	<u>77,088,384.21</u>	<u>74,823,357.55</u>	<u>70,275,422.66</u>
Excess in Revenue	956,753.65	1,426,773.35	3,192,208.89	1,137,696.22	2,389,410.59
Adjustments to Income before Fund Balance:					
Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year				426,000.00	
Statutory Excess to Fund Balance	956,753.65	1,426,773.35	3,192,208.89	1,563,696.22	2,389,410.59
<u>Fund Balance</u>					
Balance January 1	1,631,188.34	3,302,630.90	2,710,422.01	3,666,725.79	4,502,315.20
	<u>2,587,941.99</u>	<u>4,729,404.25</u>	<u>5,902,630.90</u>	<u>5,230,422.01</u>	<u>6,891,725.79</u>
Decreased by:					
Amount Utilized as Anticipated Revenue	1,600,000.00	3,098,215.91	2,600,000.00	2,520,000.00	3,225,000.00
Balance June 30	<u>\$ 987,941.99</u>	<u>\$ 1,631,188.34</u>	<u>\$ 3,302,630.90</u>	<u>\$ 2,710,422.01</u>	<u>\$ 3,666,725.79</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE STATEMENT OF MISCELLANEOUS REVENUE REALIZED - CURRENT FUND

	Unaudited	Audited			
	<u>SFY 2010</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>	<u>SFY 2006</u>
Licenses:					
Alcoholic Beverages	\$ 35,000.00	\$ 30,760.00	\$ 35,760.00	\$ 28,885.00	\$ 25,960.00
Other	13,850.00	13,149.00	3,254.00	2,065.00	1,506.00
Fees and Permits:					
Other	637,432.02	598,519.71	626,586.99	584,600.61	615,396.39
Fines and Costs:					
Municipal Court	587,276.31	688,369.83	855,844.28	761,582.97	803,063.72
Interest and Costs on Taxes	161,580.59	145,750.90	133,328.86	105,211.69	143,908.79
Interest on Investments and Deposits	81,533.66	189,370.57	507,187.83	890,199.49	708,917.89
Energy Receipts Tax	3,038,685.00	2,874,011.00	2,710,220.00	2,562,330.00	2,446,540.00
Host Community Benefits	956,300.79	990,142.09	884,387.65	1,200,485.31	1,347,011.53
Municipal Homeland Security Assistance Aid			140,000.00	140,000.00	140,000.00
Pinelands Property Tax Stabilization	11,160.00	11,160.00	11,160.00	11,160.00	11,160.00
Cable TV Franchise Fee	173,753.44	176,972.95	176,443.17	178,533.45	172,897.98
Uniform Fire Safety Act	53,621.46	32,981.06	25,296.68	18,914.66	23,457.51
Consolidated Municipal Property Tax Relief Aid	679,162.00	942,411.00	1,129,543.00	1,277,433.00	1,393,223.00
Pilot - Garden State Trust	237,530.87	236,941.05	237,355.93	237,570.84	105,523.34
Senior Citizens and Veterans Administration	43,279.04	44,218.70	45,526.81	46,497.82	48,121.58
Drunk Driving Enforcement Fund	18,811.58	17,766.27	16,687.14	8,393.51	5,000.00
Driving While Intoxicated				1,886.46	5,901.33
COPS in Shop Grant			1,600.00	1,600.00	1,600.00
Police Body Armor Grant	3,450.88	7,354.84	10,360.46	8,185.69	16,765.32
Municipal Drug Alliance Grant	16,840.00	16,840.00	16,840.00	19,696.00	19,696.00
Municipal Property Tax Assistance			79,623.00		
Senior Outreach Grant - Unappropriated	20,850.00	28,998.00			5,131.00
Senior Outreach Grant	125,000.00	125,000.00	100,000.00	100,000.00	100,000.00
Clean Communities Grant	77,436.67	60,345.12	60,134.21	60,451.68	57,657.43
Department of Energy Grant	171,500.00				
2009 Recovery Act	10,425.00				
Reimbursement of Polling				21,000.00	
Open Space Share of Debt	378,852.25	387,040.50	360,064.50	332,864.50	
Tower Rental	44,949.95	44,247.60	44,247.60	42,560.30	42,097.35
Transportation Assistance Agreement	2,850.00		3,000.00	3,000.00	3,000.00
U.S. Justice Technology Grant				98,723.00	197,329.00
DOT - Cherry Street				145,000.00	140,000.00
Sales of Municipal Assets		632,705.50		1,113,538.74	
Ocean County Recycling Revenue Fund	26,531.49	66,863.37	62,400.61	49,002.04	23,107.83
Recycling Mini Grant			5,000.00		
Storm Water Management Grant				5,155.00	15,464.00
Sale of Liquor License					260,100.00
Supplemental Energy Relief Tax	126,578.00	126,578.00	126,578.00	126,578.00	126,578.00
Uniform Construction Fees	394,837.00	365,123.00	573,248.00	527,222.00	682,670.00
Child Passenger Safety			5,200.00	5,000.00	7,000.00
Legislative Initiative Block Grant			157,420.00	157,420.00	157,420.00
Hotel Tax	24,025.80	26,475.09	31,551.96	29,251.77	
Reimbursement for Inkind-Facilities and Security Services	743,336.00	725,636.00	725,636.00	725,696.00	
	<u>\$ 8,896,439.80</u>	<u>\$ 9,605,731.15</u>	<u>\$ 9,901,486.68</u>	<u>\$ 11,627,694.53</u>	<u>\$ 9,853,204.99</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE STATEMENT OF BUDGET APPROPRIATIONS - CURRENT FUND

	Unaudited	Audited			
	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
<u>Appropriations</u>					
Operations:					
Office of the Mayor	\$ 372,829.29	\$ 372,419.51	\$ 486,277.53	\$ 414,975.00	\$ 506,840.00
Department of Administration	1,394,912.26	1,483,511.12	1,532,177.88	1,983,620.00	1,683,320.00
Department of Finance	319,817.63	412,805.21	434,998.08	418,000.00	402,750.00
Department of Law	200,000.00	285,000.00	273,000.00	332,000.00	298,000.00
Department of Public Works	2,822,279.80	2,793,244.25	2,683,785.97	2,898,000.00	2,655,048.48
Department of Engineering	80,000.00	175,000.00	200,000.00	206,000.00	250,000.00
Department of Public Safety	8,272,244.88	7,986,459.34	7,599,856.91	7,385,000.00	6,666,600.00
Uniform Construction Code	345,682.24	699,602.08	835,038.60	878,000.00	870,600.00
Department of Land Use and Planning	141,001.71	163,749.80	213,770.45	255,000.00	338,500.00
Municipal Court	314,000.00	312,525.00	264,918.01	312,500.00	286,500.00
Public Defender	18,500.00	18,500.00	8,750.04	18,500.00	18,500.00
OSHA Requirement - Respirator Testing	3,630.00	7,500.00	7,500.00	7,500.00	7,500.00
Reserve for Tax Appeals	20,000.00	75,000.00			
Senior Outreach					363,000.00
Hepatitis Inoculation Program		5,000.00	5,000.00	5,000.00	5,000.00
Federal and State Grants	943,574.13	758,764.23	712,531.81	932,065.34	583,468.08
Insurance	5,521,163.38	5,170,000.00	4,807,181.00	4,740,789.35	4,200,000.00
L.O.S.A.P.	100,450.68	96,600.00	104,650.00	109,000.00	109,250.00
Police and Firemen's Retirement System	736,762.00	1,317,842.00	1,212,243.00	762,000.00	465,000.00
Public Employees' Retirement System	260,553.00	414,841.00	316,292.80	152,000.00	85,000.00
Employee Group Health			40,819.00		
Spraying for Gypsy Moth		85,000.00			
Unclassified	1,443,257.90	1,436,822.88	1,837,000.00	1,492,500.00	1,528,051.52
Contingent		5,000.00	5,000.00	5,000.00	5,000.00
	<u>23,310,658.90</u>	<u>24,075,186.42</u>	<u>23,580,791.08</u>	<u>23,307,449.69</u>	<u>21,327,928.08</u>
Capital Improvements	80,202.63	175,000.00	175,000.00	175,000.00	50,000.00
Deferred Charges	142,000.00	142,000.00	142,000.00		968.61
Statutory Expenditures:					
Contributions to:					
Social Security System (OASI)	885,971.94	905,416.77	860,000.00	880,000.00	815,000.00
Reserve for New Jersey Unemployment Trust	20,000.00	20,000.00	20,000.00		20,000.00
Debt Service - Municipal	<u>2,839,008.50</u>	<u>2,811,383.50</u>	<u>3,282,649.25</u>	<u>4,117,085.99</u>	<u>3,293,978.70</u>
	<u>\$ 27,277,841.97</u>	<u>\$ 28,128,986.69</u>	<u>\$ 28,060,440.33</u>	<u>\$ 28,479,535.68</u>	<u>\$ 25,507,875.39</u>

See accompanying notes to financial statements.



TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE BALANCE SHEET - TRUST FUND

	Unaudited	Audited			
	Balance	Balance	Balance	Balance	Balance
	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
<u>ASSETS</u>					
<u>Animal Control Fund</u>					
Cash	\$ 48,720.07	\$ 42,849.07	\$ 35,483.78	\$ 30,053.43	\$ 32,303.60
<u>General Trust Fund</u>					
Cash	5,045,595.36	6,216,238.34	7,524,679.54	7,912,090.52	6,728,839.42
Interfunds Receivable					106,337.06
Community Development Block Grant Receivable	65,000.00	65,000.00	65,000.00	30,000.00	72,250.00
	<u>5,110,595.36</u>	<u>6,281,238.34</u>	<u>7,589,679.54</u>	<u>7,942,090.52</u>	<u>6,907,426.48</u>
	<u>\$ 5,159,315.43</u>	<u>\$ 6,324,087.41</u>	<u>\$ 7,625,163.32</u>	<u>\$ 7,972,143.95</u>	<u>\$ 6,939,730.08</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Dog License Fund</u>					
Ⓜ Prepaid Licenses	\$ 15,133.40	\$ 15,909.00	\$ 16,248.00	\$ 16,364.60	\$ 15,627.60
Ⓜ Due to State of New Jersey	1,681.20	1,879.20	1,954.20	2,043.00	2,355.00
Ⓜ Due to Current Fund	256.07	256.07			
Reserve for Animal Control Expenditures	31,649.40	24,804.80	17,281.58	11,645.83	14,321.00
	<u>48,720.07</u>	<u>42,849.07</u>	<u>35,483.78</u>	<u>30,053.43</u>	<u>32,303.60</u>
<u>General Trust Fund</u>					
Interfunds Payable	8,946.23	10,506.81	10,833.42	6,023.45	
Manchester Day Trust Fund	5,900.80	17,525.37	32,079.75	9,829.24	14,424.36
Deposits for Redemption of Tax Title Liens	176,766.93	128,274.71	51,540.35	86,032.50	36,658.23
Cash Performance Bonds	4,457,266.30	5,712,500.59	5,899,734.26	5,896,806.78	5,935,691.60
State Unemployment Compensation Insurance Fund	170,759.27	190,111.69	182,098.71	178,927.63	203,382.40
Public Defender Fees	58,440.93	27,720.76	20,949.79	19,191.64	21,181.14
Police Drug Enforcement Trust Account	26,968.24	21,034.62	19,945.56	35,908.19	38,447.70
Municipal Drug Alliance	4,281.84	3,885.48	4,313.94	3,903.94	1,507.44
Recreation Trust Fund	15,327.68	17,821.69	20,612.65	15,924.63	8,968.05
Open Space Trust Fund	51,323.64	17,243.12	1,209,957.61	1,614,501.34	463,055.58
Retirement Pay	77,863.50	77,863.50	77,863.50	45,041.18	150,109.98
Community Development Block Grant Reserves	56,750.00	56,750.00	59,750.00	30,000.00	34,000.00
	<u>5,110,595.36</u>	<u>6,281,238.34</u>	<u>7,589,679.54</u>	<u>7,942,090.52</u>	<u>6,907,426.48</u>
	<u>\$ 5,159,315.43</u>	<u>\$ 6,324,087.41</u>	<u>\$ 7,625,163.32</u>	<u>\$ 7,972,143.95</u>	<u>\$ 6,939,730.08</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND

	Unaudited	Audited			
	Balance	Balance	Balance	Balance	Balance
<u>ASSETS AND DEFERRED CHARGES</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Cash	\$ 2,520,984.59	\$ 3,110,420.75	\$ 2,097,168.44	\$ 4,455,873.90	\$ 8,916,591.46
Note Receivable		142,000.00	284,000.00	426,000.00	
Due from State of New Jersey	150,000.00	170,828.75	20,828.75	20,828.75	149,578.75
Deferred Charges to Future Taxation:					
Funded	16,631,408.15	18,622,251.71	20,585,929.55	22,938,052.83	26,018,370.76
Unfunded	7,456,592.00	7,486,794.63	1,473,294.63	1,822,202.14	1,959,110.14
	<u>\$ 26,758,984.74</u>	<u>\$ 29,532,295.84</u>	<u>\$ 24,461,221.37</u>	<u>\$ 29,662,957.62</u>	<u>\$ 37,043,651.11</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
General Serial Bonds	\$ 15,723,000.00	\$ 17,613,000.00	\$ 19,478,000.00	\$ 21,733,000.00	\$ 24,718,000.00
Bond Anticipation Notes	6,000,000.00	3,000,000.00			
Capital Improvement Fund	325,410.45	275,410.45	396,910.45	221,910.45	46,910.45
Reserve for Due from State of New Jersey		20,828.75	20,828.75	20,828.75	149,578.75
New Jersey Economic Development Authority					
Loan Payable	5,500.00	11,000.00	16,500.00	22,000.00	27,500.00
Green Acres Loan Payable	902,908.15	998,251.71	1,091,429.55	1,183,052.83	1,272,870.76
Improvement Authorizations:					
Funded	666,722.24	1,595,070.40	2,369,820.89	4,983,118.81	9,197,703.38
Unfunded	3,049,955.09	5,995,329.45	641,936.65	1,403,574.63	1,535,615.62
Fund Balance	<u>85,488.81</u>	<u>23,405.08</u>	<u>445,795.08</u>	<u>95,472.15</u>	<u>95,472.15</u>
	<u>\$ 26,758,984.74</u>	<u>\$ 29,532,295.84</u>	<u>\$ 24,461,221.37</u>	<u>\$ 29,662,957.62</u>	<u>\$ 37,043,651.11</u>
 Bonds and Notes Authorized but Not Issued	<u>\$ 1,456,592.00</u>	<u>\$ 4,486,794.63</u>	<u>\$ 1,473,294.63</u>	<u>\$ 1,822,202.14</u>	<u>\$ 1,959,110.14</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE BALANCE SHEET - WATER UTILITY

Sheet #1

		Unaudited	Audited		
		Balance	Balance	Balance	Balance
		June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007
<u>ASSETS AND DEFERRED CHARGES</u>					
<u>Operating Fund</u>					
Cash:					
Operating	\$	1,590,012.74	\$ 2,471,955.53	\$ 2,920,274.52	\$ 3,234,518.00
Escrow		266,196.13	287,535.00	268,116.13	336,670.14
Investments					1,442.54
		<u>1,856,208.87</u>	<u>2,759,490.53</u>	<u>3,188,390.65</u>	<u>3,571,188.14</u>
					<u>4,214,141.95</u>
Receivables and Inventory with Full Reserves:					
Consumer Accounts Receivable		73,404.05	70,307.39	67,126.85	34,144.74
Water Liens		2,152.91	2,045.61	1,994.76	1,994.76
Connection Fees Receivable					5.00
Inventory		<u>110,432.11</u>	<u>123,417.45</u>	<u>82,514.06</u>	<u>81,669.76</u>
		<u>185,989.07</u>	<u>195,770.45</u>	<u>151,635.67</u>	<u>117,814.26</u>
		<u>2,042,197.94</u>	<u>2,955,260.98</u>	<u>3,340,026.32</u>	<u>3,689,002.40</u>
					<u>4,341,464.85</u>
<u>Capital Fund</u>					
Cash		2,629,376.31	2,793,350.31	2,793,350.31	2,793,350.31
Fixed Capital		9,493,967.81	9,493,967.81	9,493,967.81	9,493,967.81
Fixed Capital Authorized and Uncompleted		<u>888,292.19</u>	<u>888,292.19</u>	<u>523,292.19</u>	<u>523,292.19</u>
		<u>13,011,636.31</u>	<u>13,175,610.31</u>	<u>12,810,610.31</u>	<u>12,810,610.31</u>
	\$	<u>15,053,834.25</u>	<u>\$ 16,130,871.29</u>	<u>\$ 16,150,636.63</u>	<u>\$ 16,499,612.71</u>
					<u>\$ 16,802,075.16</u>

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE BALANCE SHEET - WATER UTILITY

Sheet #2

	Unaudited	Audited			
	Balance June 30, 2010	Balance June 30, 2009	Balance June 30, 2008	Balance June 30, 2007	Balance June 30, 2006
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Operating Fund</u>					
Liabilities:					
Appropriation Reserves:					
Committed	\$	\$	\$	\$	\$
Reserved	73,045.88	15,839.22	411,731.84	290,385.49	36,149.95
Reserve for Accrued Interest	32,825.94	30,329.33	35,402.42	31,636.91	74,581.61
Reserve for Escrow Deposits	266,196.13	287,535.00	268,116.13	336,670.14	382,470.02
	372,067.95	562,519.60	754,785.85	813,687.35	896,084.18
Reserve for Receivables and Inventory	185,989.07	195,770.45	151,635.67	117,814.26	127,322.90
Fund Balance	1,484,140.92	2,196,970.93	2,433,604.80	2,757,500.79	3,318,057.77
	2,042,197.94	2,955,260.98	3,340,026.32	3,689,002.40	4,341,464.85
<u>Capital Fund</u>					
Serial Bonds	3,075,000.00	3,455,000.00	3,825,000.00	4,185,000.00	4,540,000.00
Reserve for Amortization	5,945,760.00	5,565,760.00	5,195,760.00	4,835,760.00	4,380,760.00
Deferred Reserve for Amortization	1,361,500.00	1,361,500.00	996,500.00	996,500.00	996,500.00
Improvement Authorizations:					
Funded	724,318.19	888,292.19	523,292.19	523,292.19	523,292.19
Unfunded			36,745.00	36,745.00	36,745.00
Capital Improvement Fund	1,868,313.12	1,868,313.12	2,233,313.12	2,233,313.12	1,983,313.12
Fund Balance	36,745.00	36,745.00			
	13,011,636.31	13,175,610.31	12,810,610.31	12,810,610.31	12,460,610.31
	\$ 15,053,834.25	\$ 16,130,871.29	\$ 16,150,636.63	\$ 16,499,612.71	\$ 16,802,075.16

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - WATER UTILITY

	Unaudited	Audited			
	Balance	Balance	Balance	Balance	Balance
	June 30, 2010	June 30, 2009	June 30, 2008	June 30, 2007	June 30, 2006
<u>Revenue and Other Income</u>					
Fund Balance Utilized	\$ 750,000.00	\$ 600,000.00	\$ 1,600,000.00	\$ 1,075,000.00	\$ 500,000.00
Water Rents and Liens	1,862,081.78	2,071,661.04	1,984,968.63	2,003,018.20	2,360,303.58
Reserve to Pay Debt					297,482.11
Miscellaneous Revenue	195,389.69	267,192.38	463,552.57	719,141.80	578,033.47
Other Credits to Income:					
Appropriation Reserves Lapsed	53,991.02	371,379.12	281,497.08	156,017.08	521,346.44
	<u>2,861,462.49</u>	<u>3,310,232.54</u>	<u>4,330,018.28</u>	<u>3,953,177.08</u>	<u>4,257,165.60</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operating:					
Salaries and Wages	620,725.43	461,327.42	486,000.00	392,000.00	350,000.00
Other Expenses	1,620,428.04	1,932,411.45	2,000,000.00	2,186,500.00	1,500,000.00
Capital Outlay				350,000.00	550,000.00
Debt Service	511,456.61	507,017.54	508,344.27	464,234.06	465,276.56
Statutory Expenditures	54,050.92	46,110.00	59,570.00	46,000.00	44,700.00
	<u>2,806,661.00</u>	<u>2,946,866.41</u>	<u>3,053,914.27</u>	<u>3,438,734.06</u>	<u>2,909,976.56</u>
Other Debits:					
Prior Year Refunds	17,631.50				
	<u>2,824,292.50</u>	<u>2,946,866.41</u>	<u>3,053,914.27</u>	<u>3,438,734.06</u>	<u>2,909,976.56</u>
Excess in Revenue	37,169.99	363,366.13	1,276,104.01	514,443.02	1,347,189.04
<u>Fund Balance</u>					
Balance July 1	2,196,970.93	2,433,604.80	2,757,500.79	3,318,057.77	2,470,868.73
	<u>2,234,140.92</u>	<u>2,796,970.93</u>	<u>4,033,604.80</u>	<u>3,832,500.79</u>	<u>3,818,057.77</u>
Decreased by:					
Utilized as Anticipated Revenue	750,000.00	600,000.00	1,600,000.00	1,075,000.00	500,000.00
	<u>750,000.00</u>	<u>600,000.00</u>	<u>1,600,000.00</u>	<u>1,075,000.00</u>	<u>500,000.00</u>
Balance June 30	<u>\$ 1,484,140.92</u>	<u>\$ 2,196,970.93</u>	<u>\$ 2,433,604.80</u>	<u>\$ 2,757,500.79</u>	<u>\$ 3,318,057.77</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

### COMPARATIVE BALANCE SHEET - SEWER UTILITY

Sheet #1

	Unaudited	Audited			
	Balance	Balance	Balance	Balance	Balance
<u>ASSETS AND DEFERRED CHARGES</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
<u>Operating Fund</u>					
Cash	\$ 4,504,359.04	\$ 4,653,164.22	\$ 4,880,452.70	\$ 5,160,231.06	\$ 5,314,524.75
Cash - Escrow	195,354.97	193,674.57	221,773.99	293,189.34	373,362.60
Due from Sewer Capital Fund	5,876.43	3,158.74			
Investments					2,964.39
	<u>4,705,590.44</u>	<u>4,849,997.53</u>	<u>5,102,226.69</u>	<u>5,453,420.40</u>	<u>5,690,851.74</u>
Receivables and Inventory with Full Reserves:					
Consumer Accounts Receivable	60,575.21	53,330.38	41,427.12	29,568.63	26,856.08
Connection Fees Receivable				5,940.00	
Inventory	13,791.00	15,551.00	36,526.25	30,971.25	32,058.75
Sewer Liens					313.01
	<u>74,366.21</u>	<u>68,881.38</u>	<u>77,953.37</u>	<u>66,479.88</u>	<u>59,227.84</u>
	<u>4,779,956.65</u>	<u>4,918,878.91</u>	<u>5,180,180.06</u>	<u>5,519,900.28</u>	<u>5,750,079.58</u>
<u>Capital Fund</u>					
Cash	2,977,328.53	2,974,610.84	3,380,659.58	2,930,659.58	2,480,659.58
Due from State of New Jersey					751,113.85
Fixed Capital	11,805,092.90	11,805,092.90	11,395,885.42	11,395,885.42	11,295,885.42
Fixed Capital Authorized and Uncompleted	82,189.62	82,189.62	81,397.10	81,397.10	81,397.10
	<u>14,864,611.05</u>	<u>14,861,893.36</u>	<u>14,857,942.10</u>	<u>14,407,942.10</u>	<u>14,609,055.95</u>
	<u>\$ 19,644,567.70</u>	<u>\$ 19,780,772.27</u>	<u>\$ 20,038,122.16</u>	<u>\$ 19,927,842.38</u>	<u>\$ 20,359,135.53</u>

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE BALANCE SHEET - SEWER UTILITY

Sheet #2

	Unaudited		Audited		
	Balance	Balance	Balance	Balance	Balance
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
<u>Operating Fund</u>					
Liabilities:					
Appropriation Reserves:					
Committed	\$ 2,009.00	\$ 41,875.00	\$ 99,637.75	\$ 49,145.03	\$ 229,341.24
Reserved	396,389.83	44,500.10	187,912.98	1,081,148.43	723,444.06
	398,398.83	86,375.10	287,550.73	1,130,293.46	952,785.30
Reserve for Escrow Deposits	195,354.97	193,674.57	221,773.99	293,189.34	373,362.60
Reserve for Accrued Interest	43,040.64	48,119.78	38,988.13	33,371.25	81,075.00
Reserve for Cedar Glen Hook-Up Fees		35,100.00	85,100.00	135,100.00	185,100.00
Reserve for Accrued Interest - Waste Water Loan	25,550.38	23,877.88	23,877.88	6,999.23	6,633.92
Reserve for Receivables and Inventory	74,366.21	68,881.38	77,953.37	66,479.88	59,227.84
Fund Balance	4,043,245.62	4,462,850.20	4,444,935.96	3,854,467.12	4,091,894.92
	<u>4,779,956.65</u>	<u>4,918,878.91</u>	<u>5,180,180.06</u>	<u>5,519,900.28</u>	<u>5,750,079.58</u>
<u>Capital Fund</u>					
Serial Bonds	3,410,000.00	3,835,000.00	4,245,000.00	4,650,000.00	5,045,000.00
Capital Improvement Fund	2,906,091.00	2,906,091.00	3,316,091.00	2,866,091.00	2,416,091.00
Deferred Reserve for Amortization	510,000.00	510,000.00	100,000.00	100,000.00	100,000.00
Due to Sewer Operating Fund	5,876.43	3,158.74			
Due to State of New Jersey - Waste Water Loan	672,435.79	769,177.14	855,329.25	941,481.36	1,093,786.89
Reserve for Amortization	7,274,203.21	6,752,461.86	6,256,309.75	5,765,157.64	5,868,965.96
Improvement Authorizations:					
Funded	82,189.62	82,189.62	81,397.10	81,397.10	81,397.10
Fund Balance	3,815.00	3,815.00	3,815.00	3,815.00	3,815.00
	<u>14,864,611.05</u>	<u>14,861,893.36</u>	<u>14,857,942.10</u>	<u>14,407,942.10</u>	<u>14,609,055.95</u>
	<u>\$ 19,644,567.70</u>	<u>\$ 19,780,772.27</u>	<u>\$ 20,038,122.16</u>	<u>\$ 19,927,842.38</u>	<u>\$ 20,359,135.53</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - SEWER UTILITY

	Unaudited	Audited			
	Balance <u>June 30, 2010</u>	Balance <u>June 30, 2009</u>	Balance <u>June 30, 2008</u>	Balance <u>June 30, 2007</u>	Balance <u>June 30, 2006</u>
<u>Revenue and Other Income</u>					
Fund Balance Utilized	\$ 632,026.22	\$ 235,000.00	\$ 830,000.00	\$ 1,425,000.00	\$ 1,300,000.00
Sewer Rents	3,290,189.77	3,167,472.44	3,137,329.36	3,134,503.70	3,116,952.40
Miscellaneous Revenue	238,812.39	183,717.31	498,780.47	725,372.11	600,755.54
Cedar Glen Hook-Up Fees	35,100.00	50,000.00	50,000.00	50,000.00	50,000.00
Other Debits:					
Appropriation Reserves Lapsed	34,609.23	185,055.95	1,117,390.40	718,043.48	1,151,754.60
	<u>4,230,737.61</u>	<u>3,821,245.70</u>	<u>5,633,500.23</u>	<u>6,052,919.29</u>	<u>6,219,462.54</u>
<u>Expenditures</u>					
Budget Appropriations:					
Operating:					
Salaries and Wages	515,875.00	368,060.95	455,000.00	410,000.00	375,000.00
Other Expenses	2,799,125.00	2,492,924.80	2,570,000.00	3,183,000.00	3,000,000.00
Capital Outlay			450,000.00	550,000.00	550,000.00
Debt Service	657,515.97	663,810.71	680,021.39	674,847.09	701,309.75
Statutory Expenditures	45,800.00	43,535.00	58,010.00	47,500.00	46,700.00
	<u>4,018,315.97</u>	<u>3,568,331.46</u>	<u>4,213,031.39</u>	<u>4,865,347.09</u>	<u>4,673,009.75</u>
Excess in Revenue	<u>212,421.64</u>	<u>252,914.24</u>	<u>1,420,468.84</u>	<u>1,187,572.20</u>	<u>1,546,452.79</u>
<u>Fund Balance</u>					
Balance July 1	4,462,850.20	4,444,935.96	3,854,467.12	4,091,894.92	3,845,442.13
	<u>4,675,271.84</u>	<u>4,697,850.20</u>	<u>5,274,935.96</u>	<u>5,279,467.12</u>	<u>5,391,894.92</u>
Decreased by:					
Fund Balance Utilized	632,026.22	235,000.00	830,000.00	1,425,000.00	1,300,000.00
Balance June 30	<u>\$ 4,043,245.62</u>	<u>\$ 4,462,850.20</u>	<u>\$ 4,444,935.96</u>	<u>\$ 3,854,467.12</u>	<u>\$ 4,091,894.92</u>

See accompanying notes to financial statements.



TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE BALANCE SHEET - WATER UTILITY - WEST

Sheet #1

Unaudited  
Balance  
June 30, 2010

ASSETS AND DEFERRED CHARGES

Operating Fund

Cash	\$ 281,085.39
Change Fund	60.00
	<u>281,145.39</u>

Receivables and Inventory with Full Reserves:  
Consumer Accounts Receivable

<u>19,898.41</u>
<u>301,043.80</u>

Capital Fund

Cash	681,602.96
Fixed Capital	15,555,000.00
Due from Water Operating - West	8,298.20
Due from Sewer Operating - West	163,183.90
	<u>16,408,085.06</u>
	<u>\$ 16,709,128.86</u>

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE BALANCE SHEET - WATER UTILITY - WEST

Sheet #2

Unaudited

Balance

June 30, 2010

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund

Liabilities:

Appropriation Reserves:

Committed

\$ 22,848.18

Reserved

194,030.53

216,878.71

Due to Water Capital - West

8,298.20

Reserve for Receivables

19,898.41

Fund Balance

55,968.48

301,043.80

Capital Fund

Bond Anticipation Notes

15,555,000.00

Accounts Payable

1.00

Due to Sewer Capital - West

158,410.61

Improvement Authorizations:

Unfunded

694,673.45

16,408,085.06

\$ 16,709,128.86

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See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - WATER UTILITY- WEST

	<u>Unaudited</u> <u>Balance</u> <u>June 30, 2010</u>
<u>Revenue and Other Income</u>	
Water Rents	\$ 398,477.64
Miscellaneous Revenue	<u>57,490.84</u>
	<u>455,968.48</u>
<u>Expenditures</u>	
Budget Appropriations:	
Operating:	
Salaries and Wages	92,000.00
Other Expenses	303,000.00
Capital Outlay	<u>5,000.00</u>
	<u>400,000.00</u>
Excess in Revenue	55,968.48
<u>Fund Balance</u>	
Balance July 1	<u>-</u>
Balance June 30	<u><u>\$ 55,968.48</u></u>

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See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE BALANCE SHEET - SEWER UTILITY - WEST

	<u>Unaudited</u> <u>Balance</u> <u>June 30, 2010</u>
<u>ASSETS AND DEFERRED CHARGES</u>	
<u>Operating Fund</u>	
Cash	\$ 348,180.37
Receivables and Inventory with Full Reserves:	
Consumer Accounts Receivable	<u>5,663.62</u>
	<u>353,843.99</u>
<u>Capital Fund</u>	
Cash	1.00
Fixed Capital	5,185,000.00
Due from Water Utility - West	<u>158,410.61</u>
	<u>5,343,411.61</u>
	<u>\$ 5,697,255.60</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
<u>Operating Fund</u>	
Liabilities:	
Appropriation Reserves:	
Reserved	<u>\$ 177,576.01</u>
Due from Water Capital - West	163,183.90
Reserve for Receivables	5,663.62
Fund Balance	<u>7,420.46</u>
	<u>176,267.98</u>
<u>Capital Fund</u>	
Bond Anticipation Notes	5,185,000.00
Accounts Payable	1.00
Improvement Authorizations:	
Unfunded	<u>158,410.61</u>
	<u>5,343,411.61</u>
	<u>\$ 5,697,255.60</u>

See accompanying notes to financial statements.

TOWNSHIP OF MANCHESTER  
COUNTY OF OCEAN, NEW JERSEY

COMPARATIVE STATEMENT OF OPERATIONS  
AND CHANGE IN FUND BALANCE - SEWER UTILITY - WEST

	<u>Unaudited</u> <u>Balance</u> <u>June 30, 2010</u>
<u>Revenue and Other Income</u>	
Sewer Rents	\$ 440,086.76
Miscellaneous Revenue	<u>17,333.70</u>
	<u>457,420.46</u>
<u>Expenditures</u>	
Budget Appropriations:	
Operating:	
Salaries and Wages	92,000.00
Other Expenses	345,000.00
Capital Outlay	<u>13,000.00</u>
	<u>450,000.00</u>
Excess in Revenue	7,420.46
<u>Fund Balance</u>	
Balance July 1	<u>-</u>
Balance June 30	<u><u>\$ 7,420.46</u></u>

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See accompanying notes to financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

## **TOWNSHIP OF MANCHESTER**

### **NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2009**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting Entity**

Until 1990 the Township functioned under a form of government known as Committee Form of Government, which exercised both legislative and executive powers. The form of government was changed by a charter study referendum and, effective July 1, 1990, the Township adopted a Mayor-Council form of government.

The Mayor is elected for a four year term without limitation as to the number of terms which may be served. The Council consists of five members, each of whom is elected at-large and whose terms are staggered. All elections are held in May and are non-partisan.

The Mayor is Chief Executive and Administrative Officer of the Township, and, as such, is responsible for administering local laws. The specific powers of the Mayor include appointment of department heads (with the advice and consent of the Township Council), preparation of the Township's budget, and approval or veto (which may be overridden by a 2/3 vote) of ordinances adopted by the Council.

The Township Council is responsible for policy development and exercises all legislative powers, including final adoption of spending legislation such as budgets and bond ordinances for both municipal and zoning ordinances.

Governmental Accounting Standards Board (GASB) Statements No. 14 and 34 establish certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government. The financial statements of the Township of Manchester include every board, body, officer and commission supported and maintained wholly or in part by funds appropriated by the Township as required by the provisions of N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Manchester do not include the operations of the three Volunteer Fire Companies and the two First Aid Squads, inasmuch as their activities are administered by separate boards.

##### **B. Description of Funds**

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes fund types to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles accepted in the United States of America (GAAP).

The accounting policies of the Township of Manchester conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Manchester accounts for its financial transactions through the following separate funds which differ from the fund structure required by generally accepted accounting principles:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **B. Description of Funds (Continued)**

Trust Funds - The records of receipts, disbursements and custodianship of monies, in accordance with the purpose for which each account was created, are maintained in Trust Funds. These include the Animal Control Fund and General Trust Fund. The General Trust Fund encompasses accounts of activity for Community Development Block Grants, special deposits and other purposes.

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this fund, as well as related long-term debt accounts.

Public Assistance Trust Fund - Revenue, expenditures, receipts and disbursements that provide assistance to certain residents of Manchester, when required, and pursuant to the provisions of Title 44 of the New Jersey statutes, are maintained in the Public Assistance Trust Fund.

Payroll Fund - Net salaries, certain payroll deductions and social security contributions of municipal and utility operations are deposited into various bank accounts of the Payroll Fund. A Payroll Fund does not exist under GAAP.

Water and Sewer Utility Operating and Capital Funds - These funds reflect revenue, expenditures, stewardship, acquisition of utility infrastructure and other capital facilities, as well as long-term debt, debt service and other related activity of the municipally-owned water and sewer utilities.

Capital Fixed Assets - These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the Township as discussed under the caption "Basis of Accounting".

### **C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from generally accepted accounting principles. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

#### **Property Taxes and Other Revenue**

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

#### **Grant Revenue**

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Township of Manchester budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

#### **Expenditures**

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at June 30<sup>th</sup> of each year, under the title of "Appropriation Reserves".



## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **C. Basis of Accounting (Continued)**

#### **Expenditures (Continued)**

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

#### **Encumbrances**

Contractual orders outstanding at June 30, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

#### **Appropriation Reserves**

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

#### **Compensated Absences**

Expenditures relating to obligations for unused vested accumulated sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

#### **Property Acquired for Taxes**

Property acquired for taxes (foreclosed property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

#### **Interfunds Receivable**

Interfunds receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds receivable of one fund are offset with interfunds payable of the opposite fund. GAAP does not require the establishment of an offsetting reserve.

#### **Inventories of Supplies**

Materials and supplies purchased by all funds are recorded as expenditures.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **C. Basis of Accounting (Continued)**

#### **Inventories of Supplies (Continued)**

An annual inventory of materials and supplies for the Water and Sewer Utility is required, by regulation, to be prepared by Township personnel for inclusion on the Water and Sewer Utility Operating Fund balance sheet. Annual changes in valuations, offset with a reserve account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

#### **Capital Fixed Assets**

General:

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township of Manchester has developed a capital fixed asset accounting and reporting system.

Capital fixed assets used in governmental operations (general fixed assets) are accounted for in the Capital Fixed Assets 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.

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual fixed asset record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Township.

#### **Utilities:**

Capital acquisitions, including utility infrastructure costs of the Water and Sewer Utilities, are recorded at cost upon purchase or project completion in the fixed capital account of the utilities. The fixed capital accounts are adjusted for dispositions or abandonments. The accounts include movable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Fixed Asset Group of Accounts. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to fixed capital.

Fixed capital of the Utilities are offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

The fixed capital accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such fixed capital. The records consist of a control account only. Detailed records are not maintained.

GAAP requires that fixed assets be capitalized at historical or estimated cost if actual historical cost is not available. In addition, depreciation on utility fixed assets should be recorded.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **D. Basic Financial Statements**

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township of Manchester presents the financial statements listed in the table of contents which are required by the Division of Local Government Services and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

### **A. Cash and Cash Equivalents**

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 any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

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 or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five 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 \$25,000,000.00.

### **B. Investments**

New Jersey statutes permit the Township to purchase the following types of securities:

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- . Government money market mutual funds.
- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

### **B. Investments (Continued)**

- . Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- . Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- . New Jersey State Cash Management Fund.
- . Repurchase agreements of fully collateralized securities, subject to special conditions.

As of June 30, 2009, the Township had funds invested and on deposit in checking, savings and money market accounts. The amount on deposit of the Township's cash and cash equivalents as of June 30, 2009 was \$25,254,608.70. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40.

## **3. TAXES AND TAX TITLE LIENS RECEIVABLE**

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Township, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the board upon the filing of these budgets.

Municipalities operating under a state fiscal year budget are required, by statute, to mail tax bills semi-annually and are payable in four quarterly installments due the first of February, May, August and November. Tax bills for the February and May installment must be delivered by December 1 and the August and November installment must be delivered by June 14. The amounts to be billed for each period are determined through formulas developed by the Division of Local Government Services.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500 of delinquency and 18% on any delinquency in excess of \$1,500. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes became in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

### 3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years:

#### Comparative Schedule of Tax Rate

	Fiscal Year <u>2009*</u>	Fiscal Year <u>2008</u>	Fiscal Year <u>2007</u>	Fiscal Year <u>2006</u>	Fiscal Year <u>2005</u>
Tax Rate (Per \$100 of Assessed Valuations**	<u>\$ 1.672</u>	<u>\$ 3.156</u>	<u>\$ 2.939</u>	<u>\$ 2.838</u>	<u>\$ 2.759</u>
Apportionment of Tax Rate:					
Municipal	\$ 0.391	\$ 0.799	\$ 0.691	\$ 0.641	\$ 0.609
Municipal Open Space	0.010	0.010	0.010	0.010	0.010
County	0.360	0.687	0.632	0.618	0.630
Local School	0.911	1.660	1.606	1.569	1.510
Tax Rate:					
Municipal	<u>\$ 4,083,795,739</u>	<u>\$ 2,152,824,758</u>	<u>\$ 2,099,812,765</u>	<u>\$ 2,051,116,625</u>	<u>\$ 1,991,302,044</u>

\*The Township conducted a revaluation for 2009.

\*\*Tax rates are reflected on calendar year.

#### Comparison of Tax Levies

<u>Date</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Percentage of Collection</u>
June 30, 2009	\$ 68,078,263.01	\$ 67,232,496.17	98.75 %
June 30, 2008	66,577,713.53	65,928,445.48	99.02
June 30, 2007	60,715,643.14	60,074,402.42	98.94
June 30, 2006	58,146,753.90	57,569,394.53	99.00
June 30, 2005	54,174,038.61	53,424,741.54	98.61

#### Delinquent Taxes and Tax Title Liens

<u>Date</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
June 30, 2009	\$ 20,794.35	\$ 690,404.19	\$ 711,198.54	1.04 %
June 30, 2008	19,831.98	639,868.23	659,700.21	0.99
June 30, 2007	20,855.26	582,628.67	603,483.93	0.99
June 30, 2006	20,758.00	509,376.86	530,134.86	0.91
June 30, 2005	30,575.61	665,394.81	695,970.42	1.28

#### 4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of properties acquired by tax title lien liquidation is carried at assessed valuation in the year of acquisition as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2009	\$ 942,423.37
2008	942,423.37
2007	942,423.37
2006	942,423.37
2005	929,872.93

#### 5. WATER AND SEWER CHARGE ACCOUNTS RECEIVABLE

<u>Date</u>	<u>Water Fund</u>		<u>Sewer Fund</u>	
	<u>Billing</u>	<u>Collection*</u>	<u>Billing</u>	<u>Collection*</u>
June 30, 2009	\$ 2,074,892.43	\$ 2,071,661.04	\$ 3,179,375.70	\$ 3,167,472.44
June 30, 2008	2,017,950.74	1,984,968.63	3,149,187.85	3,137,329.36
June 30, 2007	1,989,403.40	2,002,809.90	3,136,887.83	3,134,098.28
June 30, 2006	2,403,346.02	2,360,303.58	3,127,482.22	3,116,952.40
June 30, 2005	1,874,768.98	1,890,526.71	3,104,304.85	3,115,501.89

\*Includes collection of prior year receivables.

#### 6. FUND BALANCES APPROPRIATED

	<u>Date</u>	<u>June 30</u>	<u>Utilized in Budgets of Succeeding Year General Budget</u>
Current Fund:	June 30, 2009	\$ 1,631,188.34	\$ 1,600,000.00
	June 30, 2008	3,302,630.90	3,098,215.91
	June 30, 2007	2,710,422.01	2,600,000.00
	June 30, 2006	3,666,725.79	2,520,000.00
	June 30, 2005	4,502,315.20	3,225,000.00
Water Utility Fund:	June 30, 2009	\$ 2,196,970.93	\$ 750,000.00
	June 30, 2008	2,433,604.80	600,000.00
	June 30, 2007	2,757,500.79	1,600,000.00
	June 30, 2006	3,318,057.77	1,075,000.00
	June 30, 2005	2,470,868.73	500,000.00
Sewer Utility Fund:	June 30, 2009	\$ 4,462,850.20	\$ 632,026.22
	June 30, 2008	4,444,275.41	235,000.00
	June 30, 2007	3,854,467.12	830,000.00
	June 30, 2006	4,091,894.92	1,425,000.00
	June 30, 2005	3,845,442.13	1,300,000.00

## 7. MUNICIPAL DEBT

As of June 30, 2009, the Township's long-term debt is as follows:

### General Obligation Bonds

\$9,357,000, 1996 Bonds due in annual installments of \$650,000 through December, 2011, interest at 4.80% to 5.00%	\$ 1,950,000.00
\$3,198,000, 2001 Bonds due in annual installments of \$398,000 to \$400,000 through October, 2014, interest at 3.875%	1,998,000.00
\$1,795,000, 2003 Refunding Pension Bonds due in annual installments of \$240,000 to \$305,000 through October, 2011, interest at 4.70%	815,000.00
\$14,350,000, 2006 Bonds due in annual installments of \$600,000 to \$800,000 through September, 2026, interest at 4.125% to 4.250%	<u>12,850,000.00</u>
	<u><u>\$ 17,613,000.00</u></u>

### New Jersey Economic Development Authority Bonds

\$55,000, 2001 Bonds due in annual installments of \$5,500 through May, 2011, at 0% interest.	<u><u>\$ 11,000.00</u></u>
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### Water Utility Refunding Bonds

\$5,565,000, 2003 Bonds due in annual installments of \$380,000 to \$495,000 through October, 2016, interest at 3.00% to 4.125%	<u><u>\$ 3,455,000.00</u></u>
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### Sewer Utility Refunding Bonds

\$6,190,000, 2003 Bonds due in annual installments of \$425,000 to \$545,000 through October, 2016, interest at 3.10% to 4.125%	<u><u>\$ 3,835,000.00</u></u>
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## 7. MUNICIPAL DEBT (Continued)

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Pursuant to N.J.S.A. 40A:2-8, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legal requirement is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.

	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 20,613,000.00	\$ 19,478,000.00	\$ 21,733,000.00
Green Acres Loan Payable	998,251.71	1,091,429.55	1,183,052.83
New Jersey Economic Development Authority	11,000.00	16,500.00	22,000.00
Water Utility:			
Bonds and Notes	3,455,000.00	3,825,000.00	4,185,000.00
Sewer Utility:			
Bonds and Notes	3,835,000.00	4,245,000.00	4,650,000.00
Due to State of New Jersey	769,177.14	855,329.25	941,481.36
Net Debt Issued	<u>29,681,428.85</u>	<u>29,511,258.80</u>	<u>32,714,534.19</u>
<u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	<u>4,486,794.63</u>	<u>1,473,294.63</u>	<u>1,822,202.14</u>
Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 34,168,223.48</u>	<u>\$ 30,984,553.43</u>	<u>\$ 34,536,736.33</u>

### 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 .557%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 20,029,000.00	\$ 20,029,000.00	\$
Water Utility Debt	3,455,000.00	3,455,000.00	
Sewer Utility Debt	4,604,177.14	4,604,177.14	
General Debt	<u>26,109,046.34</u>	<u>815,000.00</u>	<u>25,294,046.34</u>
	<u>\$ 54,197,223.48</u>	<u>\$ 28,903,177.14</u>	<u>\$ 25,294,046.34</u>
Average Equalized Valuation Basis of Real Property (N.J.S. 40A:22)			<u>\$ 4,537,215,102.00</u>

Net Debt divided by Average Equalized Valuation Basis of Real Property equals .557%.



## 7. MUNICIPAL DEBT (Continued)

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

3 1/2% of Equalized Valuation Basis of Real Property	\$ 158,802,528.56
Net Debt	<u>25,294,046.34</u>
Remaining Borrowing Power	<u><u>\$ 133,508,482.22</u></u>

### **School Debt Deductions**

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local School District.

### **Calculation of "Self-Liquidating" Purpose - Water Utility Debt per N.J.S. 40A:2-45**

Fund Balance and Cash Receipts from Fees, Rents and Other Charges for Year		\$ 2,938,853.42
Deductions:		
Operating and Maintenance Cost	\$ 2,393,738.87	
Debt Service for Obligations Issued	<u>507,017.54</u>	
		<u>2,900,756.41</u>
Excess in Revenue		<u><u>\$ 38,097.01</u></u>

There being an "excess in revenue", the Water Utility Debt is considered self-liquidating for debt statement purposes.

### **Calculation of "Self-Liquidating" Purpose - Sewer Utility Debt per N.J.S. 40A:2-45**

Fund Balance and Cash Receipts from Fees, Rents and Other Charges for Year		\$ 3,633,031.01
Deductions:		
Operating and Maintenance Cost	\$ 2,860,985.75	
Debt Service for Obligations Issued	<u>663,810.71</u>	
		<u>3,524,796.46</u>
Excess in Revenue		<u><u>\$ 108,234.55</u></u>

There being an "excess in revenue", the Sewer Utility Debt is considered self-liquidating for debt statement purposes.

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Township Treasurer.

## 7. MUNICIPAL DEBT (Continued)

### Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Fiscal Year	Total	Cash Basis					Accrued Basis			
		General Capital					Water Utility		Sewer Utility	
		Principal	Interest	Open Space		N.J. Economic Development Authority	Principal	Interest	Principal	Interest
				Principal	Interest					
2009 - 2010	\$ 3,607,467.19	\$ 1,691,400.00	\$ 547,247.75	\$ 198,600.00	\$ 180,252.25	\$ 5,500.00	\$ 380,000.00	\$ 85,121.56	\$ 425,000.00	\$ 94,345.63
2010 - 2011	3,605,973.44	1,754,800.00	471,355.00	215,200.00	172,060.00	5,500.00	395,000.00	74,394.06	435,000.00	82,664.38
2011 - 2012	3,549,668.44	1,789,850.00	391,907.00	215,150.00	163,183.00		405,000.00	63,802.81	450,000.00	70,775.63
2012 - 2013	2,533,413.14	834,850.00	334,508.38	215,150.00	154,039.13		420,000.00	52,045.31	465,000.00	57,820.32
2013 - 2014	2,593,906.57	899,750.00	300,566.00	248,250.00	144,895.25		435,000.00	38,170.31	485,000.00	42,275.01
2014 - 2015	2,167,900.01	501,750.00	271,530.38	248,250.00	134,344.63		455,000.00	24,664.06	505,000.00	27,360.94
2015 - 2016	2,190,875.00	535,200.00	250,206.00	264,800.00	123,794.00		470,000.00	10,464.06	525,000.00	11,410.94
2016 - 2017	2,180,000.00	535,200.00	227,460.00	264,800.00	112,540.00		495,000.00		545,000.00	
2017 - 2018	1,106,000.00	535,200.00	204,714.00	264,800.00	101,286.00					
2018 - 2019	1,072,000.00	535,200.00	181,968.00	264,800.00	90,032.00					
2019 - 2020	1,038,000.00	535,200.00	159,222.00	264,800.00	78,778.00					
2020 - 2021	1,004,000.00	535,200.00	136,476.00	264,800.00	67,524.00					
2021 - 2022	970,000.00	535,200.00	113,730.00	264,800.00	56,270.00					
2022 - 2023	936,000.00	535,200.00	90,984.00	264,800.00	45,016.00					
2023 - 2024	902,000.00	535,200.00	68,238.00	264,800.00	33,762.00					
2024 - 2025	868,000.00	535,200.00	45,492.00	264,800.00	22,508.00					
2025 - 2026	834,000.00	535,200.00	22,746.00	264,800.00	11,254.00					
	<u>\$31,159,203.79</u>	<u>\$13,359,600.00</u>	<u>\$3,818,350.51</u>	<u>\$4,253,400.00</u>	<u>\$1,691,538.26</u>	<u>\$ 11,000.00</u>	<u>\$3,455,000.00</u>	<u>\$348,662.17</u>	<u>\$3,835,000.00</u>	<u>\$ 386,652.85</u>

## 7. MUNICIPAL DEBT (Continued)

### New Jersey Waste Water Treatment Financing Program

The Township, on November 10, 1994, entered into an agreement with the State of New Jersey to obtain financing under the New Jersey Waste Water Treatment Financing Program. The original loan was for \$3,381,462.00. This amount was to be awarded under a Fund Portion and a Trust Portion. The Trust Portion was to be paid back with a low interest rate and administration fee. On December 18, 1995, the loan was revised to \$2,163,981.00. The Fund Portion, which is interest free, is \$994,116.00, and the Trust Portion is \$1,169,865.00. The following is a schedule of repayment for the Fund and Trust Portion of the loan:

<u>Year</u>	<u>Trust Principal</u>	<u>Trust Interest (Credits)</u>	<u>Administration Fee</u>	<u>Totals</u>
FY 2010	\$ 126,419.49	\$ (25,070.14)	\$ 5,865.00	\$ 107,214.35
FY 2011	134,518.07	(30,024.14)	5,865.00	110,358.93
FY 2012	137,078.65	(38,137.02)	5,865.00	104,806.63
FY 2013	144,169.61	(44,675.55)	5,865.00	105,359.06
FY 2014	<u>155,363.04</u>	<u>(52,066.48)</u>	<u>5,865.00</u>	<u>109,161.56</u>
	<u>\$ 697,548.86</u>	<u>\$(189,973.33)</u>	<u>\$ 29,325.00</u>	<u>\$ 536,900.53</u>

## 7. MUNICIPAL DEBT (Continued)

### Green Trust Loans

Two Green Trust Loans, in the sum of \$373,000.45, for the Improvement to Holly Oak Park Project were approved by the New Jersey Department of Environmental Protection in 1993 and consummated in 1997 at an interest rate of 2%. The following Debt Schedule was prepared by the New Jersey Department of Environmental Protection and shows that the balance due as of June 30, 2009 is \$160,795.52:

<u>Year</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
FY 2010	\$ 23,194.35	\$ 20,078.34	\$ 3,116.01
FY 2011	23,194.36	20,481.92	2,712.44
FY 2012	23,194.35	20,893.60	2,300.75
FY 2013	23,194.36	21,313.56	1,880.80
FY 2014	23,194.36	21,741.97	1,452.39
FY 2015	23,194.36	22,178.98	1,015.38
FY 2016	23,194.36	22,624.78	569.58
FY 2017	<u>11,597.19</u>	<u>11,482.37</u>	<u>114.82</u>
	<u>\$173,957.69</u>	<u>\$ 160,795.52</u>	<u>\$ 13,162.17</u>

A Green Trust Loan, in the sum of \$411,226.00, for improvements to Harry Wright Lake was consummated on March 22, 2000 at an interest rate of 2%. The following Debt Schedule was prepared by the New Jersey Department of Environmental Protection and shows that the balance due as of June 30, 2009 is \$241,099.22:

<u>Year</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
FY 2010	\$ 25,571.35	\$ 20,853.11	\$ 4,718.24
FY 2011	25,571.34	21,272.25	4,299.09
FY 2012	25,571.34	21,699.82	3,871.52
FY 2013	25,571.34	22,135.99	3,435.35
FY 2014	25,571.34	22,580.92	2,990.42
FY 2015	25,571.34	23,034.80	2,536.54
FY 2016	25,571.34	23,497.80	2,073.54
FY 2017	25,571.34	23,970.11	1,601.23
FY 2018	25,571.34	24,451.91	1,119.43
FY 2019	25,571.34	24,943.39	627.95
FY 2020	<u>12,785.73</u>	<u>12,659.12</u>	<u>126.61</u>
	<u>\$ 268,499.14</u>	<u>\$241,099.22</u>	<u>\$ 27,399.92</u>

## 7. MUNICIPAL DEBT (Continued)

### Green Trust Loans (Continued)

A Green Trust Loan, in the sum of \$1,062,390.00, for acquisition of land was consummated on November 11, 1999 at an interest rate of 2%. The following Debt Schedule was prepared by the New Jersey Department of Environmental Protection and shows that the balance due as of June 30, 2009 is \$596,069.90:

<u>Year</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>
FY 2010	\$ 66,062.80	\$ 54,412.11	\$ 11,650.69
FY 2011	66,062.80	55,505.79	10,557.01
FY 2012	66,062.80	56,621.46	9,441.34
FY 2013	66,062.80	57,759.55	8,303.25
FY 2014	66,062.80	58,920.52	7,142.28
FY 2015	66,062.80	60,104.82	5,957.98
FY 2016	66,062.80	61,312.92	4,749.88
FY 2017	66,062.80	62,545.31	3,517.49
FY 2018	66,062.80	63,802.48	2,260.32
FY 2019	66,062.80	65,084.94	977.86
	<u>\$660,628.00</u>	<u>\$ 596,069.90</u>	<u>\$ 64,558.10</u>

### Bond Anticipation Notes

There were Bond Anticipation Notes in the amount of \$3,000,000.00 outstanding as of June 30, 2009.

### Bonds and Notes Authorized but Not Issued

There were Bonds and Notes Authorized but Not Issued in the following amount:

General Improvements	<u>\$ 4,486,794.63</u>
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## 8. INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2009, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$10,762.88	\$
General Trust Fund		10,506.81
Animal Control Fund		256.07
Sewer Operating Fund	3,158.74	
Sewer Capital Fund		3,158.74
	<u>\$13,921.62</u>	<u>\$ 13,921.62</u>

## 9. DEFERRED COMPENSATION PLAN

The Township of Manchester offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq., and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until terminations, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been modified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The Township of Manchester authorized such modifications to their plan by resolutions of the Township Council.

The Deferred Compensation Plan is administered by the Hartford Variable Annuity Life Insurance Company and VALIC.

## 10. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEAR'S BUDGETS

Certain expenditures are required to be deferred to budget of succeeding years. At June 30 2009, the following deferred charges are shown on the balance sheet of the Current Fund:

	Balance <u>June 30, 2009</u>	2010 Budget <u>Appropriation</u>
Current Fund:		
Special Emergency Authorization (N.J.S.A. 40A:55)	<u>\$ 142,000.00</u>	<u>\$ 142,000.00</u>

## 11. PENSION PLANS

### Description of Systems

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System is considered a cost sharing multiple-employer plan.

Public Employees' Retirement System:

The Public Employees' Retirement System (PERS) was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

## 11. PENSION PLANS (Continued)

### Description of Systems (Continued)

Police and Firemen's Retirement System:

The Police and Firemen's Retirement System (PFRS) was established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

### Contributions Required and Made

Contributions made by employees for PERS and PFRS are currently 5.5% and 8.5% of their base wages, respectively. Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>	
	<u>Township</u>	<u>Employees</u>	<u>Township</u>	<u>Employees</u>
FY 2007	\$ 160,257.00	\$ 333,699.27	\$ 761,683.20	\$ 624,459.40
FY 2008	331,292.80	365,812.43	1,212,243.00	675,151.80
FY 2009	414,841.00	408,763.50	1,317,842.00	744,028.95

Credits applied under the provisions of the Pension Security Act are detailed as follows:

	<u>Year 2007</u>	<u>Year 2008</u>	<u>Year 2009</u>
Public Employees' Retirement System	\$106,838.00	\$ 82,823.20	\$ -
Police and Firemen's Retirement System	190,420.80	-	-

## 12. DEFINED CONTRIBUTION RETIREMENT PROGRAM

### Description of System

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 and 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.

The law requires that three 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 reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).

## **12. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)**

### **Description of System (Continued)**

- 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 to join or remain in PERS.

### **Contributions Required and Made**

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

During the State Fiscal Year 2009 there were no officials or employees enrolled in the DCRP.

## **13. CONTINGENT LIABILITIES**

### **a. Compensated Absences**

The Township of Manchester has an accrued sick policy plan whereby eligible employees can accumulate up to 183 sick days and upon retirement will be compensated at their current rate of pay.

At the present time, unused vacation time cannot be accrued.

It is estimated that the sum of \$4,819,930.00 would be payable to 179 employees of the Township of Manchester as of June 30, 2009. The contingency for liability is not included in the financial statements of the Township. This amount was not verified by audit. It is noted that the Township has the amount of \$77,863.50 reserved as of June 30, 2009.

### **b. Tax Appeals**

As of June 30, 2009, there were no tax appeals pending before the New Jersey Tax Court.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the Township to a liability for statutory interest in the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2).

### **c. Federal and State Awards**

The Township participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the Township has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2009 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.



### 13. CONTINGENT LIABILITIES (Continued)

#### d. Litigation

Negligence and other types of claims would be defended by counsel of insurance carriers in amounts believed to be within the scope of policy coverage.

**APPENDIX C**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Manchester, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$15,555,000 Water Utility Bonds, Series 2010A (the "Series A Bonds") and \$5,185,000 principal amount of its Sewer Utility Bonds, Series 2010B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to various bond ordinances (the "Ordinances") duly adopted by the Township Council of the Issuer (the "Council") and a resolution duly adopted by the Council on September 13, 2010 (the "Resolution"). The Bonds are dated their date of delivery. The Bonds shall mature on August 1 in the years 2012 through 2041, inclusive. The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

"State" shall mean the State of New Jersey.

*Section 3.      Provision of Annual Reports.*

(a)      The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Issuer's fiscal year, commencing with the Annual Report for the fiscal year ending June 30, 2010, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on the MSRB's Internet website, or that has been filed with the SEC.

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

(c)      The Dissemination Agent shall:

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

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

1.      The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. The financial information and operating data set forth in the Official Statement dated \_\_\_\_\_, 2010.

*Section 5. Reporting of Significant Events.*

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

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

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

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

*Section 6. Documents to be Provided in Electronic Format and Accompanied by Identifying Information.* The Issuer agrees that each Annual Report and each notice pursuant to

Section 5(a), 7 and 9 hereof shall be provided to the MSRB in an electronic format as prescribed by the MSRB, and that all documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

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

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

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

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

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

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

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

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

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

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

*Section 12. Beneficiaries.* This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2010

TOWNSHIP OF MANCHESTER, IN THE  
COUNTY OF OCEAN, NEW JERSEY

By: \_\_\_\_\_  
Chief Financial Officer

**EXHIBIT A**

**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

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

Name of Bond Issue: \$15,555,000 Water Utility Bonds, Series 2010A  
\$5,185,000 Sewer Utility Bonds, Series 2010B

Date of Issuance: October 14, 2010

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

Dated: \_\_\_\_\_, 20\_\_

TOWNSHIP OF MANCHESTER, IN THE COUNTY OF  
OCEAN, NEW JERSEY

By: \_\_\_\_\_  
Name:  
Title:



**APPENDIX D**

**FORM OF BOND COUNSEL OPINION**

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

\_\_\_\_\_, 2010

Mayor and Township Council of the  
Township of Manchester, in the  
County of Ocean, New Jersey

Re: Township of Manchester, in the County of Ocean, New Jersey  
\$15,555,000 Water Utility Bonds, Series 2010A  
\$ 5,185,000 Sewer Utility Bonds, Series 2010B

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Manchester, in the County of Ocean, New Jersey (the "Township") of its \$15,555,000 Water Utility Bonds, Series 2010A (the "Series A Bonds") and \$5,185,000 Sewer Utility Bonds, Series 2010B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds"). The Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township is available to pay the principal of and interest on the Bonds. The Bonds are registered as to principal and interest, are issued in fully registered form, and are dated the date of delivery, mature on August 1 in the amounts and in each of the years, and bear interest at the rates set forth in the table below:

<b><u>Year</u></b>	<b><u>Water Utility Bonds, Series 2010A</u></b>	<b><u>Sewer Utility Bonds, Series 2010B</u></b>	<b><u>Interest</u></b>
2012	\$75,000	\$25,000	
2013	80,000	36,000	
2014	246,000	99,000	
2015	249,000	114,000	
2016	263,000	118,000	
2017	265,000	136,000	
2018	266,000	155,000	
2019	274,000	169,000	
2020	276,000	190,000	
2021	285,000	204,000	
2022	294,000	221,000	
2023	297,000	244,000	

<b><u>Year</u></b>	<b><u>Water Utility Bonds, Series 2010A</u></b>	<b><u>Sewer Utility Bonds, Series 2010B</u></b>	<b><u>Interest</u></b>
2024	\$ 297,000	\$271,000	
2025	304,000	293,000	
2026	309,000	319,000	
2027	309,000	351,000	
2028	315,000	379,000	
2029	318,000	411,000	
2030	321,000	446,000	
2031	324,000	481,000	
2032	324,000	523,000	
2033	891,000	-	
2034	936,000	-	
2035	985,000	-	
2036	1,035,000	-	
2037	1,088,000	-	
2038	1,144,000	-	
2039	1,203,000	-	
2040	1,264,000	-	
2041	1,318,000	-	

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

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), a resolution adopted by the Township Council on September 13, 2010 (the "Resolution") and (i) in the case of the Series A Bonds, a Bond Ordinance numbered 09-026 (the "Water Utility Ordinance") and (ii) in the case of the Series B Bonds, a Bond Ordinance numbered 09-027 (the "Sewer Utility Ordinance", and together with the Water Utility Ordinance, the "Ordinances"). The Series A Bonds are issued for the purpose of financing general water utility improvements as set forth in the Water Utility Ordinance, and to pay a portion of the costs of issuing the Bonds. The Series B Bonds are issued for the purpose of financing general sewer utility improvements as set forth in the Sewer Ordinance, and to pay a portion of the costs of issuing the Bonds.

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

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

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

1. The Bonds have been duly authorized, issued, executed and sold by the Township; the Resolution and the Ordinances have been duly authorized and adopted by the Township; and the Bonds, the Resolution and the Ordinances are legal, valid and binding obligations of the Township enforceable in accordance with their respective terms.
2. Assuming continuing compliance by the Township with the provisions of the Code applicable to the Bonds, and subject to certain provisions of the Code, under laws, regulations, rulings and judicial decisions existing on the date of original issuance of the Bonds, interest received by a holder of the Bonds will be excludable from gross income for federal income tax purposes and will not be treated as a preference item for purposes of the alternative minimum tax imposed on individuals or corporations. However, interest on the Bonds may become taxable retroactively if certain requirements of the Code are not complied with.
3. Under the laws of the State of New Jersey as enacted and construed on the date of original issuance of the Bonds, interest on the Bonds and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.
4. The power and obligation of the Township to pay the Bonds is unlimited, and the Township shall be required to levy *ad valorem* taxes upon all taxable real property within the Township for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable

Mayor and Township Council of the  
Township of Manchester, in the  
County of Ocean, New Jersey  
\_\_\_\_\_, 2010  
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in accordance with their respective terms” shall not mean that specific performance would necessarily be available as a remedy in every situation.

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

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

GLUCKWALRATH LLP