

New Issue
Book-Entry-Only

Rating: Moody's ("A1")
(See "Ratings" herein)

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 22, 2010

In the opinion of Dilworth Paxson LLP, Wall, New Jersey, Bond Counsel, interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the conditions described in "TAX MATTERS" herein. Interest on the Bonds is not a specific preference item for purposes of the individual and corporate alternative minimum taxes and is not included in adjusted current earnings for purposes of the federal alternative minimum tax imposed on corporations. Further, in the opinion of Bond Counsel, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof. See "TAX MATTERS" herein.

**TOWNSHIP OF HOWELL
IN THE COUNTY OF MONMOUTH, NEW JERSEY
\$22,420,000* GENERAL OBLIGATION BONDS, SERIES 2010
CONSISTING OF
\$17,490,000* GENERAL CAPITAL IMPROVEMENT BONDS, SERIES 2010A (Callable)
\$4,930,000* SEWER UTILITY ASSESSMENT BONDS, SERIES 2010B (Callable)**

Dated: Date of Delivery

Due: November 1, as shown on inside
front cover

The Township of Howell, in the County of Monmouth, New Jersey (the "Township") is offering \$22,420,000* General Obligation Bonds, Series 2010 consisting of \$17,490,000* General Capital Improvement Bonds, Series 2010A (the "Series 2010A Bonds"), and \$4,930,000* Sewer Utility Assessment Bonds, Series 2010B (the "Series 2010B Bonds", and together with the Series 2010A Bonds, the "Bonds"). The Bonds are secured by the pledge of the full faith and credit of the Township for payment of principal and interest thereon. The Bonds are payable, if not paid from other sources, from *ad valorem* taxes levied upon all taxable real property within the Township without limitation as to rate or amount.

The Bonds of a series will be issued in the form of one certificate for the aggregate principal amount 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, New York, New York ("DTC"), which will act as Securities Depository. See "THE BONDS - Book-Entry Only System" herein. The Bonds will be issued to currently refund certain bond anticipation notes previously issued by the Township and to fund certain authorized ordinances. See "PURPOSE OF THE BOND ISSUE" herein.

Interest on the Bonds will be payable semiannually on May 1 and November 1 in each year until maturity or earlier redemption, commencing on May 1, 2011. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceeding April 15 and October 15 (the "Record Dates" for the payment of interest on the Bonds). So long as DTC, or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Township or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Bonds. DTC and its Participants, respectively, and not the Township or a designated paying agent shall be responsible for such distributions. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds.

The Bonds are subject to redemption prior to their stated maturities as set forth herein. See "THE BONDS – Redemption" herein.

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

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, to approval of legality by the law firm of Dilworth Paxson LLP, Wall, New Jersey, Bond Counsel, and to certain other conditions described herein. Certain legal matters will be passed upon for the Township by the Township Solicitor, McKenna Kingdon, Esquire. Delivery is anticipated to be at the offices of the Township's Bond Counsel, Dilworth Paxson LLP, Wall, New Jersey, or at such other place as agreed to with the Underwriter on or about December 16, 2010.

**BID PROPOSALS WILL BE ACCEPTED ONLY BY ELECTRONIC SUBMISSION
VIA PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC
ON WEDNESDAY, DECEMBER 1, 2010 AT 11:00 A.M.
FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,
REFER TO THE ENCLOSED NOTICE OF SALE**

* Preliminary, subject to change as described in the Notice of Sale.

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND YIELDS*

\$17,490,000* GENERAL CAPITAL IMPROVEMENT BONDS, SERIES 2010A (Callable)

<u>Year</u> <u>(Nov. 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Year</u> <u>(Nov. 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
2011	\$1,050,000			2017	\$1,835,000		
2012	1,050,000			2018	1,890,000		
2013	1,050,000			2019	1,950,000		
2014	1,050,000			2020	2,010,000		
2015	1,750,000			2021	2,070,000		
2016	1,785,000						

\$4,930,000* SEWER UTILITY ASSESSMENT BONDS, SERIES 2010B (Callable)

<u>Year</u> <u>(Nov. 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Year</u> <u>(Nov. 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
2011	\$170,000			2021	\$240,000		
2012	190,000			2022	250,000		
2013	195,000			2023	260,000		
2014	200,000			2024	270,000		
2015	205,000			2025	280,000		
2016	205,000			2026	290,000		
2017	215,000			2027	300,000		
2018	220,000			2028	315,000		
2019	225,000			2029	325,000		
2020	235,000			2030	340,000		

* Preliminary, subject to change as described in the Notice of Sale.

* Bidders for the Bonds shall be deemed to have designated all Principal Amounts with respect to the Bonds as serial bond maturities unless bidders designate one or two (but not more than two) term bond maturities as further described in the Notice of Sale.

**THE TOWNSHIP OF HOWELL
IN THE COUNTY OF MONMOUTH, NEW JERSEY
251 Preventorium Road
Howell, New Jersey 07731
(732) 938-4500**

Mayor
Bob Walsh

Deputy Mayor
Angela W. Dalton

Council Members
William Gotto
Susan Shroeder Clark
Pauline Smith

Township Chief Financial Officer
Jeffrey Filiatreault, CPA, RMA, CMFO

Township Manager
Helene Schlegel

Township Solicitor
McKenna Kingdon, Esquire

Township Auditor
Hutchins, Farrell, Meyer & Allison P.A.
Toms River, New Jersey

Bond Counsel
Dilworth Paxson LLP
Wall, New Jersey

Financial Advisor
Acacia Financial Group, Inc.
Marlton, New Jersey

No broker, dealer, 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 document, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been 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 of warranty or, as to information from sources other than itself, by the Township. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the Federal Securities Law as applied to the facts and circumstances of the transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this document 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 document to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein.

This document 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 document. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Underwriter.

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**OFFICIAL STATEMENT
OF
THE TOWNSHIP OF HOWELL
IN THE COUNTY OF MONMOUTH, NEW JERSEY**

\$22,420,000*
GENERAL OBLIGATION BONDS
CONSISTING OF
\$17,490,000* GENERAL IMPROVEMENT BONDS, SERIES 2010A AND
\$4,930,000* SEWER UTILITY ASSESSMENT BONDS, SERIES 2010B

(CALLABLE)
(BOOK-ENTRY-ONLY ISSUE)

INTRODUCTION

This Official Statement, including the cover page hereof and the Appendices attached hereto (the "Official Statement"), sets forth certain information relating to the Township of Howell, in the County of Monmouth, New Jersey (the "Township") and the issuance of \$22,420,000* General Obligation Bonds, Series 2010 consisting of \$17,490,000* General Capital Improvement Bonds, Series 2010A (the "Series 2010A Bonds"), and \$4,930,000* Sewer Utility Assessment Bonds, Series 2010B (the "Series 2010B Bonds", and together with the Series 2010A Bonds, the "Bonds").

THE BONDS

Description

The Bonds will be dated December 16, 2010, and bear interest from that date. The Bonds will mature on the dates and in the principal amounts as set forth on the inside front cover of this Official Statement. Interest on the Bonds will be payable semiannually beginning May 1, 2011 and on each November 1 and May 1 thereafter until final maturity or earlier redemption. The record date for the Bonds is each next preceding April 15 and October 15, respectively (the "Record Dates"). The Bonds are subject to redemption prior to maturity as further described herein. See "THE BONDS--Redemption" herein.

The Bonds will be issued in fully registered book-entry-only form without coupons, and when issued will be in the form of one certificate per maturity and will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company ("DTC"), New York, New York. The principal of the Bonds will be payable to the registered owners at maturity. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee for DTC, by the Township or a designated paying agent in immediately available funds. Disbursements of such payments to the participants of DTC ("DTC Participants") is the responsibility of DTC and disbursements of such payments to the Beneficial Owners (as herein defined) of the Bonds is the responsibility of the DTC Participants and not the Township or the designated paying agent. See "THE BONDS--Book-Entry-Only System" herein.

*Preliminary, subject to change as described in the Notice of Sale.

Book-Entry-Only System¹

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) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such 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 and www.dtc.org.

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

¹ Source: The Depository Trust Company.

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 Participants or 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 Participant 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 Bonds 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 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 in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, 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 or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

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

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

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

Discontinuance of Book-Entry-Only System¹

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township/Paying Agent; (ii) the transfer of any Bonds may be registered on the books maintained by the Township/Paying Agent for such purposes only upon the surrender thereof to the Township/Paying Agent together with the duly executed assignment in form satisfactory to the Township/Paying Agent; and (iii) for every exchange or registration of transfer of Bonds, the Township/Paying Agent may make a charge sufficient to

¹ Source: The Depository Trust Company.

reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the fifteenth (15th) day, whether or not a business day, of the calendar month next preceding an Interest Payment Date.

REDEMPTION

Optional Redemption

The Bonds maturing prior to November 1, 2021 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after November 1, 2021 are redeemable at the option of the Township in whole or in part, on any date on or after November 1, 2020 at par, plus unpaid accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of Redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) but not more than sixty (60) days before the date fixed for redemption. Such mailing shall be to the Owners of the Bonds at their respective addresses as they appear on the registration books kept for that purpose by the Township or a duly appointed bond registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such depository and shall not be sent to the Beneficial Owners of the Bonds. Any failure of such depository to advise any of its participants or any failure of 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, such Bonds 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 thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

AUTHORIZATION FOR THE BONDS

The Bonds have been authorized by, and are to be issued pursuant to, certain laws of the State of New Jersey, including, without limitation, the Local Bond Law (N.J.S.A. 40A:2-1 et seq.), and the acts amendatory thereof and supplemental thereto, and pursuant to various bond ordinances and a resolution adopted by the Township on November 9, 2010 (the "Resolution").

PURPOSE OF THE BOND ISSUE

The Bonds will be issued to currently refund certain bond anticipation notes in the amount of \$20,930,000 previously issued by the Township and to fund certain authorized ordinances in the amount of \$1,490,000 for a total of \$22,420,000. The bond anticipation notes and authorized ordinances were issued to provide funds to finance the projects authorized by ordinances of the Township as set forth in the following tables:

Ordinance Number	Description of Improvement	Bonds to be Issued
Bond Ordinance No. 2007-37	Various capital equip; road and building improvements	\$3,500,000
Bond Ordinance No. 2008-32	Various capital equip; road building, park improvements	\$1,675,000
Bond Ordinance No. 2009-41	Road, building, park improvements; UST remediation	\$2,325,000
Bond Ordinance No. 04-30	Multipurpose capital improvement ordinance	\$2,021,858
Bond Ordinance No. 05-14	Various capital improvements	\$1,873,906
Bond Ordinance No. 05-29	Various capital improvement	\$2,480,194
Bond Ordinance No. 05-42	Garbage truck replacement	\$178,945
Bond Ordinance No. 06-36	Various capital improvement	\$3,323,051
Bond Ordinance No. 06-38	Park Improvement	\$112,045
Bond Ordinance No. 2003-25, as amended by Bond Ordinance 2003-35	Sewer Collection System Improvements	\$4,930,000
	Total:	\$22,420,000*

SECURITY FOR THE BONDS**

General

The Bonds are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Bonds. The Township is required by law to levy *ad valorem* taxes on all taxable real property in the Township for the payment of the principal, redemption premium, if any, of and interest on the Bonds, without limitation as to rate or amount. See "MUNICIPAL FINANCE - FINANCIAL REGULATIONS OF COUNTIES AND MUNICIPALITIES" herein.

* Preliminary, subject to change as described in the Notice of Sale.

** It is anticipated that assessments to the properties related to the improvements financed with the Series 2010B Bonds will be confirmed at the Township meeting scheduled for December 14, 2010. The assessment becomes an encumbrance on the title of the property so assessed and is subject to tax title lien provisions in a manner similar to unpaid taxes. The proposed amount of assessments to be repaid over 20 years is \$5,634,678.84, which includes the total cost of the project plus interest paid on notes to date. In accordance with N.J.S.A. 40:56-36, "All assessments as collected shall be immediately placed in an account to be known as "local improvement assessment account". Such moneys shall be used only to pay indebtedness incurred for such improvements whether temporary or permanent..."

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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 subject to a number of exceptions. All bonds and notes issued by the Township are general full faith and credit obligations.

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 3-1/2% of its average equalized valuation basis. The Township has not exceeded its statutory debt limit.

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 may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may 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 to fund certain notes, to provide 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).

The Township may sell 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 a subsequent resolution so provides. A local unit's bond anticipation notes must mature within one year, but may be renewed or rolled over. Bond anticipation notes, including renewals, must mature and be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. For bond ordinances adopted on or after February 3, 2003, notes may only be renewed beyond the third anniversary date of the original notes if a minimum payment equal to the first year's required principal payment on the bonds is paid to retire a portion of the notes on or before each subsequent anniversary date from funds other than the proceeds of bonds or notes. For bond ordinances adopted prior to February 3, 2003, the governing body may elect to make such minimum principal payment only when the notes are renewed beyond the third and fourth anniversary dates.

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. The Township, which operates on a calendar year (January 1 to December 31), 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, among others, for certification.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated 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.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as any 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 determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may 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.

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. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by the last day of that fiscal year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation programs, revision and codification of ordinances, master plan preparations and drainage map preparation for flood control purposes which may be amortized over five years. 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 provide a degree of flexibility and afford a control mechanism. Transfers between 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, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAPS" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAPS" appropriations.

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, legislation constituting P.L. 2007, c. 62, effective April 3, 2007, imposed 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 included 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 was able to approve waivers for certain extraordinary costs identified by the statute, and voters could approve increases above 4% not otherwise permitted by a vote of 60% of the voters voting on a public question.

This legislation has now been amended by P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment to limit tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election. Chapter 44 eliminates the process for obtaining waivers for additional spending under the tax levy limitation.

Neither the tax levy limitation nor the “Cap Law” limits, including the provisions of the recent legislation, would limit 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.

In accordance with the Local Budget Law, each local unit 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 next 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.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income, where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not

keep pace with the changing values.

Upon the filing of certified adopted budgets by the Township's Local School District and the County, the tax rate is struck by the Burlington County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Township's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest and penalties are the highest permitted under New Jersey statutes. If a delinquency is in excess of \$10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the Burlington County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement, and any losses in tax collections from prior years are charged directly to operations.

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

This law regulates the non-budgetary 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 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 unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission.

LITIGATION

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

TAX MATTERS

Federal Tax Exemption

On the date of issuance of the Bonds, Bond Counsel will deliver its opinion (in substantially the form attached as Appendix C hereto) to the effect that, under existing law, interest (including any original issue discount properly allocable to a holder and treated as interest) on the Bonds is not includable in gross income of the holders of the Bonds for federal income tax purposes; is not an item of tax preference for purposes of federal alternative minimum tax imposed on individuals and corporations; and is excludable from the adjusted current earnings of corporations for purposes of computing their alternative minimum tax liability. It should be noted, however, that interest on the Bonds held by a corporation (as defined for federal income tax purposes) may be indirectly subject to corporate alternative minimum tax because of its inclusion in the earnings and profits of such corporate holder. Interest on the Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Internal Revenue Code of 1986, as amended (the “Code”). The opinion of Bond Counsel assumes the accuracy of the certifications of the Township and certain other participants to the transaction and the continuing compliance by the Township with the requirements of the Code.

New Jersey Tax Exemption

In the opinion of Bond Counsel interest on the Bonds and any gain on the sale thereof is not includable as gross income under the New Jersey Gross Income Tax Act.

Branch Profits Tax

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

S Corporation

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

No Section 265 Qualification

The Bonds will not be designated as “qualified tax-exempt obligations” under Section 265 of the Code by the Township for an exemption from the denial of the deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

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

Pursuant to a de minimis safe harbor exception contained in the American Recovery and Reinvestment Act of 2009, certain tax-exempt obligations issued in 2009 and 2010 are not taken into account for purposes of the denial of the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations, up to a maximum amount equal to 2% of the taxpayer's average adjusted bases of all its assets.

Other Federal Tax Consequences

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income" and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel expresses no opinion as to such collateral tax consequences. In rendering this opinion, Bond Counsel has assumed compliance by the Township with its covenants to comply with the provisions of the Code relating to actions to be taken by the Township in respect of the Bonds after the issuance thereof to the extent necessary to effect or maintain the federal exclusion from gross income of the interest on the Bonds. These covenants relate to, among other things, the use of and investment of proceeds of the Bonds and the rebate to the United States Treasury of specified arbitrage earnings, if any. Failure of the Township to comply with such covenants could result in the interest on the Bonds becoming subject to federal income tax from the date of issuance.

ALL POTENTIAL PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AND APPLICABLE STATE AND LOCAL TAX LAWS OF NEW JERSEY AND OTHER JURISDICTIONS.

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 institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds of the Township, including the Bonds, and such Bonds are authorized security for any and all public deposits.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to 11 U.S.C. 401, et seq., as amended and supplemented (the "Bankruptcy Code") and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants certain priority to debt owed for services or material; and provides that the plan must be accepted in writing by or on

behalf of classes of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of such class. The Bankruptcy Code specifically 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 Code.

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

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

Reference to the Bankruptcy Code or the State statute should not create any implication that the Township expects to utilize the benefits of their provisions.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incidental to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Dilworth Paxson LLP, Wall, New Jersey, Bond Counsel, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C. Certain legal matters will be passed on for the Township by its Solicitor, McKenna Kingdon, Esquire.

RATING

Moody's Investors Service (the "Rating Agency") has assigned a rating of "A1" to the Bonds.

The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating and outlook may only be obtained from the Rating Agency. The Township forwarded to the Rating Agency certain information and materials concerning the Bonds and the Township. There can be no assurance that the rating will be maintained for any given period of time or that the rating may not be raised, lowered or withdrawn entirely, if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

The Bonds have been purchased from the Township at a public sale by _____ (the purchaser is herein referred to as the "Underwriter"). The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields or prices set forth on the inside cover page of this Official Statement, which yields or prices may be changed from time to time by the Underwriter without notice.

FINANCIAL ADVISOR

Acacia Financial Group, Inc., Marlton, New Jersey, has served as Financial Advisor to the Board with respect to the issuance of the Bonds ("Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

The Township has agreed, for the benefit of the holders and beneficial owners of the Bonds, to provide certain financial information and operating data relating to the Township and certain demographic information relating to the Township by not later than six (6) months following the end of the Township's fiscal year (currently December 31) ("Annual Report"), commencing with the report for the 2010 fiscal year, and to provide notices of the occurrence of certain enumerated events, as described in Appendix "D" – the form of Continuing Disclosure Certificate. The Annual Report will be filed by the Township with the State Repository, if any, and the Municipal Securities Rulemaking Board ("MSRB") established pursuant to Section 15(b)1 of the Securities Exchange Act of 1934 ("Act") as the same may be amended from time to time, through the Electronic Municipal Market Access system ("EMMA") or any other public or private repository or entity that shall hereafter be designated by the Security and Exchange Commission ("SEC") as a repository for purposes of Rule 15c2-12(b)(5) under the Act (the "Rule"), as may be amended from time to time. The notices of certain enumerated events will be filed by the Township with the MSRB and with the State Depository, if any. The specific nature of the information to be contained in the Annual Report or the notices of certain enumerated events is set forth in Appendix "D" – the Form of Continuing Disclosure Certificate. These covenants have been made in order to assist the Underwriters in complying with the Rule.

Since the issuance of its \$30,000,000 General Obligation Refunding Bonds, Series 2005, dated November 1, 2005, to date, the Township has made all appropriate filings and is in compliance with said Rule with respect to its prior undertakings.

DEFAULT

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

AUDITOR

The Township Auditor, Hutchins, Farrell, Meyer & Allison P.A., Toms River, New Jersey, licensed by the State of New Jersey, takes responsibility for the portions of the Township's audited financial statements for the year ended December 31, 2009, included in Appendix "B" hereto, to the extent specified in the Independent Auditor's Report. Hutchins, Farrell, Meyer & Allison P.A. has consented to the inclusion of their report in this Official Statement.

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

The Financial Advisor assisted in the preparation of information from the Township and other sources which the Township considers to be reliable, but the Township makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information contained herein.

Dilworth Paxson LLP, has not verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, assumes no responsibility therefore and will express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to Jeffrey Filiatreault, Chief Financial Officer. The Township's phone number is (732) 938-4500.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract or agreement with the owners of the Bonds.

All quotations from and summaries and explanations of provisions of laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement has been duly executed and delivered by the Township.

**THE TOWNSHIP OF HOWELL, IN THE COUNTY OF
MONMOUTH, NEW JERSEY**

By: _____
Jeffrey Filiatreault
Chief Financial Officer

Dated: December __, 2010

APPENDIX A

GENERAL INFORMATION REGARDING THE TOWNSHIP

GENERAL INFORMATION REGARDING THE TOWNSHIP¹

Introduction

The Township was incorporated in 1801. The Township, with a land area of 62.1 square miles, is situated in the southern part of Monmouth County, New Jersey ("County"), at an approximate mid-point between the major cities of New York and Philadelphia. More than 48,903 people reside in the Township according to the 2000 Federal Census, who come from predominantly middle-income families in which the wage earners are employed in either a managerial or professional capacity.

Form of Government

The Township is governed by a Council-Mayor Plan A form of the Optional Municipal Charter Law, N.J.S.A. 40:60A-81, et seq. This form of government provides for, among other things, the direct election of the Mayor and Council, the separation of legislative power from administrative functions, and the employment of full-time professional personnel in the various departments of the Township. Council is comprised of 4 members elected at large, each having four year terms. While the Council sets policy, it relies on the manager to carry out its directives and to supervise the Township's day-to-day business activities. The position was created in 1993.

Township Employees

The Township employs the following number of people:

Permanent	251
Part-Time	309
Total:	<u>560</u>

Police, Fire and First Aid Services

The Township Police Department is divided into patrol, detective, and traffic safety divisions, and is made up of eighty-six officers and more than sixteen personnel. The community is served by five volunteer fire districts with a combined membership of seven hundred and fifty volunteers. The districts are equipped to combat fires in office complexes, high-rise residential apartments, and in remote areas of the community where water service may not be available. The three first aid units have a staff of twenty-five volunteer personnel, trained and equipped to provide services and transportation to nearby Kimball Medical Center in Lakewood, New Jersey, CentraState Medical Center in Freehold, New Jersey and the Jersey Shore Medical Center located in Neptune, New Jersey.

Labor Relations

The Township employees are represented by four collective bargaining units. Superior Officers Association, Local 228 represents police Sergeants, Lieutenants and Captains. The contract expires on December 31, 2013. The remaining police officers are represented by Policemen's Benevolent Association, Local 228. The contract expires on December 31, 2013. Certain non-statutory supervisory positions are represented by the Teamsters Local 469. The contract expires on December 31, 2010. Dispatchers, Crossing Guards, White Collar and Blue Collar employees are represented by the Transport Workers Union Local 225. The contract expires on December 31, 2010. Negotiations are underway, however at this time, date of completion and terms are unknown.

¹ Unless otherwise noted the information in this Appendix was provided by the Township.

Pension benefits are administered by the State of New Jersey through the Police and Firemen's Retirement System and The Public Employees Retirement System. The Township deferred 50% of its pension payment in 2009. Term of the deferral calls for payments to begin in 2012 and run through 2027. This deferred liability is estimated to be \$120,000.00 per year. All other pension liabilities, have been paid when due.

Education

There are ten elementary schools and three middle schools within the Township's public school system with a student enrollment of more than 6,700. These schools serve the educational needs of students from kindergarten through eighth grade. The Township is a member of the Freehold Regional High School District, and the Township's students attend a district high school located within the community. Brookdale Community College, Georgian Court University, Rutgers, The State University and Princeton University are all within commuting distance of the Township, and are thus available to serve the higher educational demands of residents of the community.

Population¹

<u>Year</u>	<u>Howell Township</u>	<u>Monmouth County</u>	<u>State of New Jersey</u>
1970	21,756	461,849	7,171,112
1980	25,065	503,173	7,364,823
1990	38,987	553,124	7,730,188
2000	48,903	615,301	8,414,350

Demographic Statistics²

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Labor Force	27,486	27,294	27,098	26,651	26,171
Employment	25,059	25,972	26,104	25,633	25,185
Unemployment	2,427	1,322	994	1,018	986
Unemployment Rate	8.8%	4.8%	3.7%	3.8%	3.8%

Components of Tax Rate

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Tax Rate	\$1.961	\$1.922	\$1.883	\$4.062	\$3.778
Apportionment of Tax Rate:					
Municipal	0.282	0.266	0.266	0.533	0.457
Municipal Open Space	0.020	0.020	0.020	0.020	0.020
County	0.268	0.266	0.267	0.590	0.587
Local School District	1.391	1.370	0.977	2.123	1.990

¹ Source: U.S. Bureau of Census

² New Jersey Department of Labor and Workforce Development

Tax Collection History

<u>Year</u>	<u>Tax Levy</u>	<u>Collection Amount</u>	<u>% of Collection</u>
2009	\$140,264,075	\$136,822,391	97.55 %
2008	137,607,662	134,689,429	97.87
2007	135,156,388	122,649,197	97.50
2006	125,791,427	112,406,546	97.51
2005	115,269,790	106,577,492	97.55

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2009	\$2,579,453	\$3,029,937	\$5,609,360	3.99%
2008	2,362,264	2,536,672	4,898,936	3.56
2007	2,181,670	2,362,264	4,543,935	3.36
2006	2,145,953	3,726,577	5,872,531	4.66
2005	4,717,634	4,559,195	9,276,830	8.05

Assessed Valuations

<u>Year</u>	<u>Assessed Valuation of Real Property</u>	<u>Estimated Full Cash Valuations</u>	<u>Average Ratio of Assessed to Tax Value of Real Property</u>	<u>Assessed Valuation of Business Personal Property</u>
2010	\$ 6,890,955,680	\$6,749,222,018	102.10%	\$ 13,114,350
2009	6,867,016,000	6,944,095,460	102.25	10,565,151
2008	6,860,605,000	7,061,141,416	97.16	9,626,317
2007	6,846,805,200	7,044,038,272	97.20	8,875,863
2006	2,939,678,340	6,554,466,756	44.85	4,399,393
2005	2,895,524,640	5,781,798,403	50.08	5,407,198

General Tax Rate and Total Net Debt

<u>Year</u>	<u>General Tax Rate</u>	<u>Total Net Debt</u>	<u>Net Debt as a Percentage of Equalized Tax Valuation Basis</u>
2009	\$1.961	\$55,264,835	0.78%
2008	1.922	53,959,339	0.78
2007	1.883	51,242,860	0.79
2006	4.062	43,614,210	0.76
2005	3.778	47,989,691	0.97

Ten Largest Taxpayers

<u>Taxpayer</u>	<u>2010 Assessment</u>	<u>As a Percentage of District's Net Assessed Valuation</u>
Centex Homes, LLC	50,363,700	0.73%
Buffalo-Parkton & Feurstein & Wain	45,138,000	0.65%
Hurley Felds 1, LLC	24,978,281	0.36%
Howell Friendship Real Estate Co	24,973,300	0.36%
Wal-Mart Stores, Inc.	17,641,000`	0.26%
Home Depot USA, Inc	17,160,000	0.25%
Lowe's Home Centers, Inc	16,530,000	0.24%
DS & DJ Realty LLC	16,190,000	0.23%
Fairfield Park LLC	14,845,100	0.22%
Target Corporation	14,800,000	0.21%
	<u>242,619,381</u>	<u>3.5%</u>

Classification of Ratables – Real Property

	<u>2009</u>		<u>2008</u>	
	<u># of Parcels</u>	<u>Taxable Value</u>	<u># of Parcels</u>	<u>Taxable Value</u>
Vacant Land	2,116	253,365,700	4,127	264,011,700
Residential	16,290	5,735,865,900	16,228	5,707,045,800
Farms	271	104,001,400	280	107,499,400
Q Farms	396	2,426,100	400	2,543,100
Commercial	443	662,057,600	440	667,961,100
Industrial	66	109,299,300	66	111,543,900
Apartments	0	0	0	0
Utility	0	0	0	0
Total:		<u>\$ 6,867,016,000</u>		<u>\$6,860,605,000</u>

	<u>2007</u>		<u>2006</u>	
	<u># of Parcels</u>	<u>Taxable Value</u>	<u># of Parcels</u>	<u>Taxable Value</u>
Vacant Land	5,215	\$ 249,995,100	5,863	\$ 101,993,950
Residential	16,163	5,667,270,700	15,903	2,438,894,540
Farms	284	108,077,700	270	43,202,800
Q Farms	403	2,510,100	384	2,265,300
Commercial	443	703,025,300	434	297,604,900
Industrial	66	115,926,300	64	55,716,850
Apartments	0	0	0	0
Utility	0	0	0	0
Total:		<u>\$6,846,805,200</u>		<u>\$2,939,678,340</u>

**INDEBTEDNESS OF THE TOWNSHIP
AS OF DECEMBER 31, 2009
(In Dollars)**

Statement of Indebtedness

Gross Debt:

Regional High School Debt	\$9,655,699
Local District School Debt	\$57,639,666
	<hr/> \$67,295,365

General Debt:

Bonds Issued and Outstanding	\$44,311,540
Notes Issued and Outstanding	\$8,500,000
	<hr/> \$52,811,540

Self Liquidating Debt:

Bonds Issued and Outstanding	\$4,290,000
Notes Issued and Outstanding	4,995,000
	<hr/> \$9,285,000

Total Gross Debt:

\$129,391,906

Statutory Deductions:

Regional and Local Township School District	\$67,295,365
General Debt	\$1,460,200
Self Liquidating Debt	\$5,371,505
	<hr/> \$74,127,070

Statutory Net Debt:

\$55,264,835

Percentage of Net Debt to Average Equalized Valuation Basis

0.78%

Percentage of Gross Debt to Average Equalized Valuation

1.84%

Township Borrowing Capacity

Equalized Valuation of Real Property (Average of last 3 years)	\$7,016,425,049
Borrowing Capacity – 3% of Equalized Valuation Basis	\$210,492,751
Less: Net Debt	\$55,264,835
Remaining Borrowing Capacity	<u><u>\$155,227,916</u></u>

APPENDIX B

FINANCIAL STATEMENT OF THE TOWNSHIP

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

Certified Public Accountants • Business & Financial Advisors

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

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Monmouth County Office

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INDEPENDENT AUDITOR'S REPORT ON CONDENSED FINANCIAL STATEMENTS

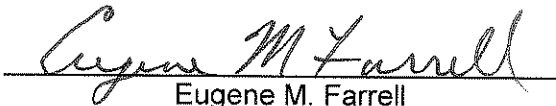
Honorable Mayor and Members
of the Township Council
Township of Howell, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the Balance Sheets – Regulatory Accounting Basis of the Current Fund, Trust Fund, General Capital Fund, and the Sewer Utility Fund of the Township of Howell ("Township") as of December 31, 2009, and the related Statements of Operations and Changes in Fund Balance – Regulatory Accounting Basis of the Current Fund and Sewer Utility Fund for the year ended December 31, 2009 (none of which are presented separately herein). In our report dated August 12, 2010, we expressed our opinion on those financial statements, which (as described in Note 1) were prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

Independent Auditors


Eugene M. Farrell
Registered Municipal Accountant
(#409)

August 12, 2010

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2009 and 2008

<u>Assets</u>	<u>2009</u>	<u>2008</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>2009</u>	<u>2008</u>
Cash	\$ 19,725,979.28	\$ 20,232,155.26	Appropriation Reserves	\$ 1,245,829.78	\$ 1,492,866.59
Cash - Change Funds	1,250.00	1,250.00	Accounts Payable	17,304.64	60,095.82
			Accounts Payable: EMT	1,658.47	2,381.68
			Encumbrances Payable	871,261.87	804,952.99
	19,727,229.28	20,233,405.26	Tax Anticipation Notes	13,000,000.00	12,000,000.00
			Payroll Deductions Payable	166,574.99	157,212.61
Receivables and Other Assets With			Prepaid Taxes	643,910.17	613,335.95
Full Reserves:			Tax Overpayments	86,078.80	65,494.84
Delinquent Property Taxes Receivable	3,029,937.14	2,536,672.03	Regional School Tax Payable		112,612.49
Tax Title Liens	2,579,453.01	2,362,264.42	County Taxes Payable	24,879.17	71,008.61
Property Maintenance Liens		1,037.38	Sale of Municipal Assets	1,727.00	1,727.00
Property Acquired for Taxes -			Reserve for:		
Assessed Valuation	12,616,100.00	12,616,100.00	In-Rem Foreclosure Fees	100.00	100.00
Interfunds Receivable	86,699.39	12,281.16	Revaluation	31,408.38	32,808.38
	18,312,189.54	17,528,354.99	Tax Appeals	250,000.00	250,000.00
			Garden State Trust Fund	11,378.34	9,201.16
			To Pay Bonds	183,000.00	155,000.00
			For Elections		800.00
			Due To:		
Deferred Charges:			State of New Jersey:		
Special Emergency Authorizations			Senior Citizens' and Veterans	36,581.74	31,247.01
(N.J.S. 40A:4-55)			State Fees	33,539.00	26,482.00
			General Capital Fund	23,127.72	
			Federal and State Grant Fund	203,453.07	242,889.34
			Reserve for Receivables	16,831,813.14	16,130,216.47
			Fund Balance	18,312,189.54	17,528,354.99
				2,895,416.14	4,117,188.79
	38,039,418.82	37,775,760.25			
			Federal and State Grant Fund:	38,039,418.82	37,775,760.25
			Reserve for Grants:		
Federal and State Grant Fund:			Appropriated	696,335.53	686,511.55
Interfund Receivable	203,453.07	242,889.34	Unappropriated	72,980.79	63,732.86
Grants Receivable	569,082.25	529,216.17	Encumbrances	3,219.00	21,861.10
	772,535.32	772,105.51			
				772,535.32	772,105.51
Total Assets	\$ 38,811,954.14	\$ 38,547,865.76	Total Liabilities, Reserves and Fund Balance	\$ 38,811,954.14	\$ 38,547,865.76

See accompanying notes.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

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

Years ended December 31, 2009 and 2008

<u>Revenue and Other Income Realized</u>	<u>2009</u>	<u>2008</u>
Fund Balance Utilized	\$ 3,625,000.00	\$ 6,536,000.00
Miscellaneous Revenue Anticipated	15,842,280.87	16,188,507.17
Receipts From Delinquent Taxes	1,898,126.59	1,670,056.12
Receipts From Current Taxes	136,822,391.27	134,689,429.18
Non-Budget Revenue	545,227.82	240,220.69
Premium on Sale of Tax Anticipation Notes		91,152.00
Other Credits To Income:		
Unexpended Balance of Appropriation Reserves	1,195,687.36	1,177,386.66
Grants Appropriated Cancelled		105,074.51
Payroll Liabilities Adjusted		4,969.58
Cancellation of Accounts Payable	39,034.00	27,228.93
Cancellation of Tax Overpayments	593.67	822.13
Prior Year Interfunds Liquidated	12,281.16	15,550.62
	<u>159,980,622.74</u>	<u>160,746,397.59</u>
<u>Expenditures</u>		
Budget Appropriations	36,933,619.50	38,440,150.20
Local School Taxes Payable	70,226,707.00	68,603,584.50
Regional High School Taxes Payable	25,352,816.93	25,462,524.42
County Taxes Payable	18,443,892.30	18,338,246.79
Special Districts Payable	5,147,451.00	4,982,666.00
Municipal Open Space	1,374,763.36	1,374,046.26
Interfunds Advanced	86,699.39	12,281.16
State and Federal Grants Receivable		90,646.34
Prior Year Reserve for Elections	63.53	
Prior Year Seniors and Veterans' Deductions Disallowed	10,876.04	11,228.07
Adjustment to Payroll Deductions Payable	506.34	
	<u>157,577,395.39</u>	<u>157,315,373.74</u>
Excess in Revenue	2,403,227.35	3,431,023.85
Fund Balance, January 1	<u>4,117,188.79</u>	<u>7,222,164.94</u>
	6,520,416.14	10,653,188.79
Decreased By:		
Utilized as Anticipated Revenue	<u>3,625,000.00</u>	<u>6,536,000.00</u>
Fund Balance, December 31	<u>\$ 2,895,416.14</u>	<u>\$ 4,117,188.79</u>

* See accompanying notes.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY ACCOUNTING BASIS

December 31, 2009 and 2008

<u>Assets</u>	<u>2009</u>	<u>2008</u>	<u>Liabilities and Reserves</u>	<u>2009</u>	<u>2008</u>
Animal Control Trust Fund:			Animal Control Trust Fund:		
Cash and Cash Equivalents	\$ 14,466.15	\$ 23,637.63	Due To State of New Jersey -	\$ 18.00	\$ 798.60
			Dog Registration Fees		
			Reserve for Animal Control Fund	14,448.15	22,839.03
			Expenditures		
				14,466.15	23,637.63
Trust - Other Fund:			Trust - Other Fund:		
Cash and Cash Equivalents	15,717,912.90	15,816,282.37	Various Reserves	15,715,791.48	15,810,443.69
			Due To Current Fund	2,121.42	5,838.68
				15,717,912.90	15,816,282.37
Length of Service Award Program			Length of Service Award Program		
Fund ("LOSAP") - Unaudited:			Fund ("LOSAP") - Unaudited:		
Investments	232,078.57	173,991.61	Miscellaneous Reserves	232,078.57	173,991.61
Total Assets	\$ 15,964,457.62	\$ 16,013,911.61	Total Liabilities and Reserves	\$ 15,964,457.62	\$ 16,013,911.61

See accompanying notes.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2009 and 2008

<u>Assets</u>	<u>2009</u>	<u>2008</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>2009</u>	<u>2008</u>
Cash and Cash Equivalents			General Serial Bonds	\$ 27,050,000.00	\$ 27,835,000.00
Deferred Charges To Future Taxation:			Green Acres Loan	477,325.81	558,637.63
Funded	\$ 6,094,364.85	\$ 8,767,055.92	NJEDA Loan	57,042.00	114,084.00
Unfunded	27,584,367.81	28,507,721.63	Bond Anticipation Note Payable	8,500,000.00	8,500,000.00
Due From Current Fund	23,766,973.45	21,542,078.21	Improvement Authorizations:		
Leased Assets Under Capital Lease	23,127.72		Funded	786,259.57	1,082,877.78
Due From Monmouth County:	3,352,700.00	3,290,900.00	Unfunded	13,365,908.22	12,745,669.57
Open Space Grant	150,000.00		Due To Current Fund		6,442.48
Improvement Authority	119,674.03		Capital Lease Obligation Payable	3,352,700.00	3,290,900.00
Due From Community Development			Reserve for:		
Block Grant	4,667.50		OEM Grant	25,000.00	25,000.00
Green Acres Grant Receivable		310,461.71	Encumbrances	289,099.67	1,090,668.83
			Capital Improvement Fund	817,684.24	1,025,184.24
			Various Reserves	246,566.93	504,144.13
			Fund Balance	6,128,288.92	5,850,054.16
Total Assets	\$ 61,095,875.36	\$ 62,628,662.82	Total Liabilities, Reserves and Fund Balance	\$ 61,095,875.36	\$ 62,628,662.82

See accompanying notes.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY
SEWER UTILITY FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2009 and 2008

<u>Assets</u>	<u>2009</u>	<u>2008</u>	<u>Liabilities, Reserves and Fund Balances</u>	<u>2009</u>	<u>2008</u>
Cash - Treasurer	\$ 1,000,190.80	\$ 761,669.82	Operating Fund:	\$ 60,279.80	\$ 54,725.10
Due From Sewer Utility Capital Fund	554.39	1,408.79	Appropriation Reserves	8,394.41	62,820.21
			Encumbrances Payable	84,577.97	
			Due To Current Fund	104,733.78	155,183.78
	1,000,745.19	763,078.61	Accrued Interest on Notes	527,319.81	426,988.00
			Prepaid Sewer Consumer Rents	1,535.55	1,736.59
			Consumer Overpayments		
Receivables with Full Reserves:					
Consumer Accounts Receivable	240,684.07	199,764.13		786,841.32	701,453.68
Deferred Charges:					
Operating Deficit		152,278.94	Reserve for Receivables	240,684.07	199,764.13
			Fund Balance	213,903.87	213,903.87
Total Operating Fund	1,241,429.26	1,115,121.68	Total Operating Fund	1,241,429.26	1,115,121.68
Capital Fund:			Capital Fund:		
Cash	1,763,160.85	1,819,587.99	Serial Bonds	4,290,000.00	5,050,000.00
Fixed Capital	12,620,400.02	12,380,651.10	Bond Anticipation Notes Payable	4,995,000.00	5,065,000.00
Fixed Capital Authorized and			Due To Sewer Utility Operating Fund	554.39	1,408.79
Uncompleted	6,016,300.00	6,116,300.00	Improvement Authorizations:		
Prospective Assessments - Funded	165,000.00	165,000.00	Funded	545,410.82	470,330.06
			Unfunded	259,307.90	259,807.90
			Capital Improvement Fund	806,686.64	949,327.64
			Reserve for:		
			Prospective Assessments	165,000.00	165,000.00
			Future Overflow Line	20,000.00	20,000.00
			Amortization	8,330,400.02	6,504,700.00
			Deferred Reserve for Amortization	1,021,300.00	1,847,251.10
			Fund Balance	131,201.10	148,713.60
Total Capital Fund	20,564,860.87	20,481,539.09	Total Capital Fund	20,564,860.87	20,481,539.09
Total Assets	\$ 21,806,290.13	\$ 21,596,660.77	Total Liabilities, Reserves and Fund Balances	\$ 21,806,290.13	\$ 21,596,660.77

See accompanying notes.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

SEWER UTILITY FUND

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

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenue and Other Income Realized:		
Operating Surplus Anticipated		\$ 255,095.00
Rents	\$ 4,286,927.80	4,236,969.34
Increase in Rents	413,000.00	
NJ American Sewer Agreement	840,670.00	860,552.00
Miscellaneous	169,226.99	270,386.07
General Budget Deficit	96,502.57	
Other Credits:		
Non Refundable Escrow Accounts		
Cancelled	8,723.00	
Appropriation Reserves Lapsed	<u>90,449.18</u>	<u>50,334.04</u>
Total Revenue	<u>5,905,499.54</u>	<u>5,673,336.45</u>
Expenditures:		
Salaries and Wages	272,038.24	308,009.00
Other Expenses	4,240,400.00	4,133,466.00
Debt Service	1,125,525.00	1,269,045.39
Statutory Expenditures	115,257.36	115,095.00
Operating Deficit	<u>152,278.94</u>	
Statutory Expenditures	<u>5,905,499.54</u>	<u>5,825,615.39</u>
Excess/(Deficit) in Revenue		(152,278.94)
Operating Deficit to be Raised in Budget of Succeeding Year		<u>152,278.94</u>
Statutory Excess to Fund Balance		
Fund Balance, January 1	<u>213,903.87</u>	<u>468,998.87</u>
	213,903.87	468,998.87
Decreased By:		
Utilized as Anticipated Revenue		<u>255,095.00</u>
Fund Balance, December 31	<u>\$ 213,903.87</u>	<u>\$ 213,903.87</u>

See accompanying notes.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

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

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

General Fixed Assets Account Group – In accordance with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township developed a fixed assets accounting and reporting system which has not been updated in 2009. The accounting policies are as follows:

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

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

No depreciation is provided for in the financial statements.

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

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

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

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

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

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

Revenues

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

Expenditures

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

Appropriation reserves are recorded at December 31 for unexpended appropriation balances except for amounts which, according to state statutes, may be cancelled by the governing body. The appropriation reserves are available to satisfy specific claims, commitments or contracts incurred during the preceding fiscal year. At the end of the succeeding fiscal year, the remaining unexpended balances lapse to fund balance through other credits to revenue.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

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

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

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

D. Budgets and Budgetary Accounting

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

E. Grants

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

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

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

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

F. Assessment and Collection of Property Taxes

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

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

G. Foreclosed Property

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

H. Interfund Receivables

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

I. Deferred Charges to Future Taxation Funded and Unfunded

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

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans

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

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, PERS and PFRS bill the Township annually at an actuarially determinable rate for its required contribution. The current rate is 5.5% for PERS and 8.5% for PFRS of annual covered payroll.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2009	\$ 359,863.14	\$ 1,091,357.00
2008	566,208.80	1,828,644.00
2007	337,138.20	1,432,899.40

Pension Contribution Deferral

The State of New Jersey has enacted P.L. 2009, c.19, which authorizes the State Department of Treasury, Division of Pensions and Benefits to provide non-State contributing employers the option of paying an amount that represents a 50% reduction of the normal and accrued liability payment of the required contributions to PFRS and PERS which would have been due April 1, 2009. If the deferral is elected, the amount deferred must be repaid, with interest, over a period of 15 years, beginning in April, 2012; however, the contributing employer is permitted to pay off the obligation at any time by contacting the Division of Pensions and Benefits for a payoff amount. The Township of Howell has elected to defer a portion of its pension contributions as follows:

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans (continued)

	2009 Required <u>Contribution</u>	Amount <u>Deferred</u>	2009 Actual <u>Contribution</u>
PFRS	\$ 2,016,850.00	\$ 1,008,425.00	\$ 1,091,357.00
PERS	<u>686,221.00</u>	<u>343,110.50</u>	<u>428,408.50</u>
Total	<u>\$ 2,703,071.00</u>	<u>\$ 1,351,535.50</u>	<u>\$ 1,519,765.50</u>

K. Volunteer Length of Service Award Plan

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

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 2003.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2003.

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

Estimated Cost - The estimated cost of the program to the Township has been calculated to be approximately \$60,000.00 per year. (This amount may vary annually, however, based upon the total number of eligible active volunteer members in the program). The LOSAP funds are administrated independently and distinct from the Township and are subject to a review in accordance with the American Institute of Certified Public Accounts Standards for Accounting and Review Services. As of the date of this report, a separate review report as of December 31, 2009 has not been completed.

L. Inventories of Supplies

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

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

2. Deposits and Investments

Deposits

The carrying amount of the Township's cash and investments at December 31, 2009 was \$44,317,324.83 and the bank balance was \$46,681,176.46. Of the bank balance, \$1,000,000.00 was covered by federal depository insurance, \$24,779,451.22 was on deposit with the State of New Jersey Cash Management Fund, and the remaining \$20,901,725.24 was covered under the unit certificate of eligibility as required by New Jersey statutes.

<u>Depository Account</u>	<u>Bank Balance</u> <u>2009</u>
Insured:	
FDIC	\$ 1,000,000.00
Collateralized:	
Held by a Third Party	24,779,451.22
GUDPA	<u>20,901,725.24</u>
	<u>\$ 46,681,176.46</u>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As of December 31, 2009, the Township's bank balance was not exposed to custodial credit risk.

Investments

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

<u>Investments</u>	<u>Fair</u> <u>Value</u>	<u>Book</u> <u>Value</u>
2009:		
LOSAP (Unaudited)	<u>\$ 232,078.57</u>	<u>\$ 232,078.51</u>
2008:		
LOSAP (Unaudited)	<u>\$ 173,991.61</u>	<u>\$ 173,991.61</u>

Interest Rate Risk

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

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

2. Deposits and Investments (continued)

Credit Risk

State law limits investments as noted above.

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

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

In order to maximize liquidity, the Township utilizes the New Jersey Cash Management Fund ("NJCMF") as its investments (cash equivalents). The NJCMF is administered by the State of New Jersey, Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments (cash equivalents) and the fair value of the position in the pool is the same as its value of the pool shares. These investments include U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. All investments in the NJCMF are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

At December 31, 2009, the Townships' bank and book balance in the NJCMF was \$24,779,451.22.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

3. Interfund Balances and Activity

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

Due to Current Fund from Trust Other Fund representing cash advances	\$ 2,121.42
Due to Current Fund from Sewer Utility Operating Fund Representing cash advances	84,577.97
Due to General Capital Fund from Current Fund Representing cash advances	23,127.72
Due to Federal and State Grant Fund from Current Fund representing cash advances	203,453.07
Due to Sewer Utility Operating Fund from Sewer Utility Capital Fund representing cash advances	554.39

4. Taxes Receivable

Taxes

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

<u>2009</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 2,760,485.21	\$ 269,451.93	\$ 2,579,453.01	\$ 5,609,390.15

In 2009, the Township collected \$1,898,126.59 from Delinquent Taxes, which represented 74.83% of the Delinquent Tax Receivable at December 31, 2008.

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

<u>2008</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 2,302,179.72	\$ 234,492.31	\$ 2,362,264.42	\$ 4,898,936.45

In 2008, the Township collected \$1,670,056.12 from Delinquent Taxes, which represented 38.78% of the Delinquent Tax Receivable at December 31, 2007.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Fixed Assets (Unaudited)

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

<u>2009</u>	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2009</u>
Land	\$ 32,305,734.52			\$ 32,305,734.52
Buildings and Improvements	10,206,191.29			10,206,191.29
Machinery and Equipment	<u>15,579,869.61</u>	<u> </u>	<u> </u>	<u>15,579,869.61</u>
Total	<u>\$ 58,091,795.42</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 58,091,795.42</u>
<u>2008</u>	Balance, December 31, <u>2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2008</u>
Land	\$ 32,305,734.52			\$ 32,305,734.52
Buildings and Improvements	10,206,191.29			10,206,191.29
Machinery and Equipment	<u>15,579,869.91</u>	<u> </u>	<u> </u>	<u>15,579,869.91</u>
Total	<u>\$ 58,091,795.42</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 58,091,795.42</u>

6. Long-Term Debt

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	Balance December 31, <u>2009</u>
<u>General Bonds</u>				
General Improvements	11/01/05	\$ 30,000,000.00	4.250-5.125%	<u>\$ 27,050,000.00</u>
<u>Sewer Utility Capital Bonds</u>				
Sewer Improvement Refunding Bonds	11/01/01	\$ 9,250,000.00	4.000-5.000%	<u>\$ 4,290,000.00</u>

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

6. Long-Term Debt (continued)

Aggregate long-term debt service requirements are as follows:

		General Capital	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 795,000.00	\$ 1,233,186.25	\$ 2,028,186.25
2011	835,000.00	1,199,398.75	2,034,398.75
2012	870,000.00	1,162,867.50	2,032,867.50
2013	870,000.00	1,124,805.00	1,994,805.00
2014	875,000.00	1,086,742.50	1,961,742.50
2015	880,000.00	1,048,461.25	1,928,461.25
2016	885,000.00	1,009,961.25	1,894,961.25
2017	895,000.00	971,242.50	1,866,242.50
2018	905,000.00	932,086.25	1,837,086.25
2019	920,000.00	892,492.50	1,812,492.50
2020	940,000.00	852,242.50	1,792,242.50
2021	970,000.00	811,117.50	1,781,117.50
2022	1,005,000.00	768,680.00	1,773,680.00
2023	1,045,000.00	724,711.25	1,769,711.25
2024	1,095,000.00	678,731.25	1,773,731.25
2025	1,105,000.00	629,456.25	1,734,456.25
2026	1,115,000.00	579,731.25	1,694,731.25
2027	1,115,000.00	529,556.25	1,644,556.25
2028	1,140,000.00	479,381.25	1,619,381.25
2029	1,140,000.00	428,081.25	1,568,081.25
2030	1,195,000.00	376,781.25	1,571,781.25
2031	1,250,000.00	323,006.25	1,573,006.25
2032	1,255,000.00	266,756.25	1,521,756.25
2033	1,260,000.00	202,437.50	1,462,437.50
2034	1,315,000.00	137,862.50	1,452,862.50
2035	1,375,000.00	70,468.75	1,445,468.75
	<u>\$ 27,050,000.00</u>	<u>\$ 18,520,245.00</u>	<u>\$ 45,570,245.00</u>

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

6. Long-Term Debt (continued)

		Sewer Utility	
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 795,000.00	\$ 159,125.00	\$ 954,125.00
2011	825,000.00	126,175.00	951,175.00
2012	855,000.00	93,125.00	948,125.00
2013	890,000.00	57,668.75	947,668.75
2014	<u>925,000.00</u>	<u>19,656.25</u>	<u>944,656.25</u>
	<u>\$ 4,290,000.00</u>	<u>\$ 455,750.00</u>	<u>\$ 4,745,750.00</u>

Green Trust Loan Agreement

The Township has indebtedness related to the State of New Jersey Green Trust Loan Program. The original amount of the loan was \$868,175.87 and the repayments are at a 2.0% interest rate and designed to achieve level debt service over the life of the loan, and are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 82,946.19	\$ 9,133.85	\$ 92,080.04
2011	84,613.41	7,466.63	92,080.04
2012	86,314.14	5,765.90	92,080.04
2013	88,049.05	4,030.99	92,080.04
2014	89,818.84	2,261.20	92,080.04
2015	<u>45,584.18</u>	<u>455.84</u>	<u>46,040.02</u>
	<u>\$ 477,325.81</u>	<u>\$ 29,114.41</u>	<u>\$ 506,440.22</u>

New Jersey Economic Development Authority ("NJEDA") Loan

Underground Storage Tank Removal - \$570,420.00 loan payable in annual installments of \$57,042.000 through May, 2010 at no stated interest.

2010	<u>\$ 57,042.00</u>
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TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

6. Long-Term Debt (continued)

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 37,544,567.81	\$ 37,007,721.63	\$ 29,399,473.29
Sewer Utility:			
Bonds and Notes	<u>9,285,000.00</u>	<u>10,115,000.00</u>	<u>10,975,000.00</u>
Total Debt Issued	46,829,567.81	47,122,721.63	40,374,473.29
<u>Authorized But Not Issued</u>			
General Bonds and Notes	<u>15,266,973.45</u>	<u>13,042,078.21</u>	<u>21,843,386.09</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 62,096,540.98</u>	<u>\$ 60,194,799.84</u>	<u>\$ 62,267,859.38</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 .788%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional High School Debt	\$ 9,655,699.43	\$ 9,655,699.43	
Local School District Debt	57,639,666.00	57,639,666.00	
Sewer Utility Debt	9,285,000.00	5,371,505.00	\$ 3,913,495.00
General Debt	<u>52,811,540.98</u>	<u>1,460,200.00</u>	<u>51,351,340.98</u>
	<u>\$129,391,906.41</u>	<u>\$ 74,127,070.43</u>	<u>\$ 55,264,835.98</u>

Net Debt \$55,264,835.98 divided by Equalized Valuation basis per N.J.S.A. 40A:2.6 as amended \$7,016,425,049.00 = .788%.

A revised annual debt statement should be filed by the Chief Financial Officer.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

6. Long-Term Debt (continued)

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

3.5% of Equalized Valuation Basis	\$ 245,574,876.71
Less: Net Debt	<u>55,264,835.98</u>

Remaining Borrowing Power	<u>\$ 190,310,040.73</u>
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Calculation of "Self-Liquidating Purposes"- Sewer Utility per N.J.S. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 5,806,327.36
Deductions:	
Operating and Maintenance Costs	\$ 4,779,974.54
Debt Service per Sewer Account	<u>1,125,525.00</u>
	<u>5,905,499.54</u>

Deficit in Revenue	<u>\$ (99,172.18)</u>
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7. Bond Anticipation Notes

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

On December 31, 2009, the Township's outstanding bond anticipation notes were as follows:

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2009</u>
<u>General Capital Fund</u>				
Various Capital Improvements	09/15/09	09/14/10	2.75%	\$ 1,500,000.00
Park Improvements	09/15/09	09/14/10	2.75%	1,825,000.00
Various Capital Equipment	09/15/09	09/14/10	2.75%	2,100,000.00
Replacement of Garbage Trucks	09/15/09	09/14/10	2.75%	175,000.00
Various Capital Improvements and Equipment	09/15/09	09/14/10	2.75%	2,800,000.00
Park Improvements	09/15/09	09/14/10	2.75%	<u>100,000.00</u>
Total				<u>\$ 8,500,000.00</u>

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

7. Bond Anticipation Notes (continued)

Sewer Utility Capital Fund

Route 9 Sewer Extension -

Local Assessable	09/15/09	09/14/10	3.00%	<u>\$ 4,995,000.00</u>
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8. Capital Lease Obligation Payable

The Township is obligated under a lease with the Monmouth County Improvement Authority ("MCIA"). The related payment obligations are shown below and are presented on the General Capital Fund Balance Sheet as a deferred charge. Interest and principal are charged to the budget.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,043,900.00	\$ 130,162.55	\$ 1,174,062.55
2011	786,000.00	90,871.30	876,871.30
2012	812,400.00	64,622.10	877,022.10
2013	498,300.00	33,540.00	531,840.00
2014	201,300.00	8,625.00	209,925.00
2015	3,400.00	540.00	3,940.00
2016	3,600.00	370.00	3,970.00
2017	<u>3,800.00</u>	<u>190.00</u>	<u>3,990.00</u>
	<u>\$ 3,352,700.00</u>	<u>\$ 328,920.95</u>	<u>\$ 3,681,620.95</u>

9. Bonds and Notes Authorized But Not Issued

At December 31, 2009, the Township had authorized but not issued bonds and notes of the General Capital Fund totaling \$15,266,973.45 and Sewer Utility Capital Fund totaling \$30,000.00.

10. Local District School and Regional High School Taxes

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

The Township has elected to defer school taxes as follows:

	<u>Regional High School District Tax</u> <u>2009</u>	<u>2008</u>
Balance of Tax	\$ 12,224,696.85	\$ 12,222,010.42
Deferred	<u>12,224,696.85</u>	<u>12,109,397.93</u>
Tax Payable	<u>\$ 0.00</u>	<u>\$ 112,612.49</u>

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

11. Fund Balance Appropriated

The Current Fund balance at December 31, 2009 was \$2,895,416.14 of which \$2,548,337.14 was appropriated and included as anticipated revenue for the year ended December 31, 2010.*

The Sewer Utility Operating Fund balance at December 31, 2009 was \$213,903.87 of which \$0 was appropriated and included as anticipated revenue for the year ended December 31, 2010.*

12. Accrued Sick and Vacation Benefits - Unaudited

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused sick pay. The Township permits its employees to accumulate unused sick and vacation pay. The Township estimates the current cost of such unpaid compensation to be \$2,033,769.51 at December 31, 2009. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

13. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.). The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. All funds collected from employees are transmitted to the state for this period. The Reserve for Unemployment Compensation Insurance at December 31, 2009 and 2008 totaled \$10,614.63 and \$76,855.75 respectively.

* The 2010 budget was not adopted as of the date of this report.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

14. Contingent Liabilities

State and Federal Grants

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2009, the Township estimates that no material liabilities will result from such audits.

Litigation

The Township is involved in a discrimination suit and 2 wrongful termination suits. Legal counsel has assessed potential damages to be approximately \$715,000.00.

15. Risk Management

The Township, together with other governmental units, are members of the Garden State Municipal Joint Insurance Fund ("Fund"). The Fund, which is organized and operated pursuant to the regulatory authority of the Departments of Insurance and Community Affairs, State of New Jersey, provides for a pooling of risks, subject to established limits and deductibles. In addition, the Fund has obtained cost effective reinsurance and excess liability coverage for participant local units.

For the year ended December 31, 2009, the Fund provided coverage for Property, Boiler and Machinery, Automobile Liability, General Liability, Workmen's Compensation and a Public Employee Blanket Bond.

The Township has contracted with a private insurance carrier related to public officials' surety bond coverage and public officials' liability insurance. The coverage is subject to certain policy limits and deductible amounts. The coverage is designed to minimize the impact of any potential losses to the Township for matters that may have been caused or related to the Township or its employees.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

16. Deferred Compensation

The Township offers its employees a Deferred Compensation Plan ("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 termination, retirement, death or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:3-37.

The Small Business Job Protection Act of 1996 ("Act") 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.

17. Commitments and Contingencies

A. Compensated Absences

The Township has contractual agreements with four (4) separate collective bargaining units and also an ordinance covering non-union employees for compensation of unused sick pay, upon retirement. They are as follows:

Management, Department Heads and Supervisors – The Township Manager and Chief of Police have separate agreements for compensation of unused sick pay which sets maximums upon retirement.

Department heads and supervisors are covered under separate agreements. A minimum of fifteen (15) years with the Township, or upon elimination by the Township of the position, an employee is entitled to one (1) day's pay for each two (2) days of accumulated sick leave, up to a maximum of one hundred twenty (120) days of pay, unless terminated following conviction in a criminal court of a premeditated, indictable offense. The amount of sick time reimbursement is not to exceed from the State employee cap.

Police, White Collar Secretarial, Clerical and Non-Union Employees – An employee is entitled to one (1) day's pay for each two (2) days of accumulated sick leave, up to a maximum of sixty (60) days of pay, unless terminated following conviction or guilty plea in any criminal court of an indictable offense. One (1) day's pay shall be equal to eight (8) hours.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

18. Commitments and Contingencies (continued)

A. Compensated Absences (continued)

Liability – The Township's total liability for sick time as of December 31, 2009, based on contractual limits, is \$2,033,769.51. This amount is not an immediate liability of the Township and the likelihood of this amount becoming due and payable at any time in the near future is remote. The Township presently has an amount reserved in the Other Trust Fund in the amount of \$505,340.02.

Additional Liability – In addition, the potential exists that the Township may have in the event that an employee is out of work on an extended illness and because of the nature of their position may have to be temporarily replaced which could potentially result ultimately in additional cost to the Township.

B. Liability

The Township is involved in several matters of litigation which have been instituted that are either too early in the process or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not have an adverse financial impact on the Township.

C. Grants

The Township of Howell participates in federally and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Township is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

D. Reserve for State Tax Appeals

The Township has a Reserve for State Tax Appeals at December 31, 2009 of \$250,000.00, which represents an estimate for several tax appeals that are pending for 2009. In the event the appeals are adjusted in excess of that amount, then a charge to Current Fund Balance (Operations) will be needed.

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

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

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

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 2003.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2003.

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

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

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

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

TOWNSHIP OF HOWELL
COUNTY OF MONMOUTH, NEW JERSEY

NOTES TO CONDENSED FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

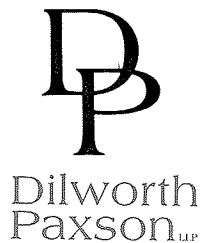
19. Length of Service Award Program ("LOSAP") – Unaudited (continued)

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

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

APPENDIX C

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.*

John O. Bennett, III
New Jersey Resident Partner

December __, 2010

Mayor and Township Council
Township of Howell
Monmouth County, New Jersey

**RE: Township of Howell, County of Monmouth, New Jersey
\$_____ General Obligation Bonds, Series 2010**

Dear Mayor and Council:

We have examined the record of proceedings relating to the issuance of \$_____ General Obligation Bonds, Series 2010, of the Township of Howell, in the County of Monmouth, New Jersey (the "Township"), a municipal corporation of the State of New Jersey, consisting of \$_____ General Improvement Bonds, Series 2010A and \$_____ Sewer Utility Assessment Bonds, Series 2010B (collectively, the "Bonds").

The Bonds are dated December __, 2010 and mature on November 1st in each year in the principal amounts set forth in the tables below. Interest on the Bonds, at the respective rates of interest set forth below, is payable semiannually on May 1st and November 1st, commencing on May 1, 2011, until maturity or prior redemption.

Maturity (November 1)	General Capital Improvement Bonds, Series 2010A	Interest Rate	Sewer Utility Assessment Bonds, Series 2010B	Interest Rate
	Principal Amount*		Principal Amount*	
2011	\$1,050,000		\$170,000	
2012	1,050,000		190,000	
2013	1,050,000		195,000	
2014	1,050,000		200,000	
2015	1,750,000		205,000	
2016	1,785,000		205,000	
2017	1,835,000		215,000	
2018	1,890,000		220,000	
2019	1,950,000		225,000	
2020	2,010,000		235,000	
2021	2,070,000		240,000	
2022			250,000	

A Limited Liability Partnership Formed in Pennsylvania

Monmouth Shore Corporate Park • Wall Township • 1350 Campus Pkwy. • Suite 200 • Neptune, NJ 07753-6836 • 732-378-6900 • fax: 732-378-6800
www.dilworthlaw.com • Philadelphia, PA • Cherry Hill, NJ • Harrisburg, PA • Washington, DC • Wilmington, DE

2023	\$260,000
2024	270,000
2025	280,000
2026	290,000
2027	300,000
2028	315,000
2029	325,000
2030	340,000
<hr/>	
\$17,490,000	\$4,930,000

The Bonds are subject to redemption prior to maturity as set forth in the Official Statement.

The Bonds are issued in fully registered form without coupons and are transferable as provided therein and are of various denominations and are numbered consecutively upwards. We have examined each Bond as executed, and, in our opinion, their form and execution are regular and proper.

The Bonds are authorized pursuant to the Local Bond Law of the State of New Jersey (*N.J.S.A. 40A:2-1 et seq.*) and are issued pursuant to a Bond Resolution adopted by the Township on July 15, 2010, and by virtue of the Bond Ordinances finally adopted by the Township as identified in said Bond Resolution.

In rendering this opinion, we have examined certified copies of said Bond Ordinances, Bond Resolution and related proceedings and we have relied on such documents and certificates of officials of the Township, and other participants to the transaction, and the truthfulness thereof, as we have deemed necessary to form the basis of the opinions hereinafter expressed. We have assumed that all the original documents supplied to us are genuine and complete and that all copies supplied to us conform to the original documents and are complete.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements to be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. We have examined the Non-Arbitrage and Use of Proceeds Certificate (the "Certificate") of the Township delivered concurrently herewith which contains provisions and procedures regarding compliance with the requirements of the Code. In the Bond Resolution, the Township has covenanted that, to the extent it is empowered and able under applicable law, it will comply with the provisions set forth in the Code applicable to the Bonds and that it will take all lawful action within the Township's control and which is necessary under the Code to ensure that interest on the Bonds will remain excluded from the gross income of the recipients thereof under the Code.

We are of the opinion that:

1. The Bonds are valid and legally binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of the Bonds and the interest thereon,

without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights in general, from time to time in effect and by equitable principles, whether considered at law or in equity.

2. Interest on the Bonds and any gain from the sale thereof are not includible in gross income under the New Jersey Gross Income Tax Act.

3. Under existing law, interest is excluded from gross income for federal income tax purposes; is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and is excluded from the adjusted current earnings of corporations for purposes of computing their alternative minimum tax liability. The opinion set forth in the preceding sentence is subject to the condition that the Township comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of these requirements could cause interest on the Bonds to be includable in gross income retroactive to the date of issue. The Township has covenanted to comply with each requirement. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

In rendering this opinion, we have assumed compliance by the Township with the covenants contained in the Bonds and the representations in the Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Township in respect of the Bonds after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Bonds. These covenants and representations relate to, *inter alia*, the use of proceeds of the Bonds, the use of the property finance thereby, and the rebating to the United States Treasury of specified arbitrage earnings, if required.

This opinion is rendered on the basis of federal law and the laws of the State of New Jersey as enacted and construed on the date hereof. We express no opinion as to any matter not set forth in the numbered paragraphs above, including, without limitation, with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of any financial or other information relating to the Township furnished in connection with the sale of the Bonds and make no representation that we have independently verified any such information.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Howell, in the County of Monmouth, New Jersey (the "Issuer" or "Township") in connection with the issuance by the Issuer of \$_____ General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to various Bond Ordinances (collectively, the "Ordinances") duly adopted by the Township Council of the Issuer (the "Council"), as set forth in a Resolution duly adopted by the Council on November 9, 2010 (the "Resolution"). The Bonds are dated their date of delivery and shall mature on November 1 in the years ____ through ____, 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 holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12, as amended.

SECTION 2. Definitions. 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.

"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.

"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.

"Repository" or "Repositories" shall mean each State Repository, if any, and the Municipal Securities Rulemaking Board (the "MSRB") via the MSRB's Electronic Municipal Market Access system ("EMMA").

"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.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports. (a) The Issuer shall, or cause the Dissemination Agent to, not later than six (6) months after the end of the Issuer's fiscal year, commencing with the Annual Report for the fiscal year ending December 31, 2010, provide to the Municipal Securities Rulemaking Board (the "MSRB") via the MSRB's Electronic Municipal Market Access system ("EMMA") 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 include by 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(a).

(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 an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner not in excess of ten (10) business days after such required date, send a notice, in substantially the form attached hereto as Exhibit A, to the MSRB via EMMA on such form and in such format as shall be required by the MSRB for such filings.

(c) The Dissemination Agent shall:

1. Determine each year prior to the date for providing the Annual Report the name and address of the appropriate Repository(s); and

2. 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 and listing all the Repository(s) to which it was provided.

SECTION 4. Content of Annual Reports. (a) 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 principles 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 in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. The financial information and operating data set forth in the Official Statement dated _____, 2010 prepared in connection with the sale of the Bonds, in “APPENDIX A” and “APPENDIX B”.

SECTION 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall deliver in a timely manner not in excess of ten (10) business days after the occurrence of the event, through EMMA, at www.emma.msrb.org, notice of the occurrence of any of the following events with respect to the Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
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, the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of holders of the Bonds, if material;
8. bond calls, if material;
9. defeasances;
10. release, substitution, or sale of property securing payment of the Bonds, if material;
11. rating changes;
12. tender offers for the Bonds;
13. bankruptcy, insolvency, receivership or similar events of the Township;
14. the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if

material; and

15. appointment of a successor or additional trustee, or the change of a trustee, if material.

The Township does not undertake to provide the above-described event notice of a mandatory scheduled redemption not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue is which securities will be redeemed in the case of a partial redemption; (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to optional redemptions or security purchases.

(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 (for which a determination of materiality is applicable) would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the MSRB via EMMA, and with the State Repository, if any.

SECTION 6. Termination of Reporting Obligation. The obligations of the Issuer 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 7. 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 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 8. 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 Sections 3(a), 4, or 5(a), 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 holders 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 9. 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 Annual Report or 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 10. Prior Compliance with the Rule. Since the issuance of its \$30,000,000 General Obligation Refunding Bonds, Series 2005, dated November 1, 2005, to date, the Township has made all appropriate filings and is in compliance with said Rule with respect to its prior undertakings

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. 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. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**TOWNSHIP OF HOWELL, IN THE COUNTY
OF MONMOUTH, NEW JERSEY**

By _____
JEFFREY FILIATREAU,
Chief Financial Officer

Dated: December _____, 2010

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Township of Howell, County of Monmouth, New Jersey

Name of Bond Issue: \$_____ General Obligation Bonds, Series 2010

Dated Date: December __, 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 _____. The Issuer anticipates that the Annual Report will be filed by _____.

Date:

**TOWNSHIP OF HOWELL, IN THE COUNTY
OF MONMOUTH, NEW JERSEY**

By _____

Name:

Title: