

**NEW ISSUE  
BOOK-ENTRY ONLY**

**RATING: S&P \_\_\_\_  
(See "Rating" herein)**

*In the opinion of Bond Counsel, assuming continuing compliance with covenants pertaining to provisions of the Code and subject to certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds, interest received by a holder of the Bonds is not includable in gross income for federal income tax purposes under the Code, except for interest on any Bond during any period while such Bond is held by a "substantial user" of the facilities financed by the Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Interest on such Bonds will not be treated as a tax preference item for purposes of the alternative minimum tax for individuals or corporations. Under the laws of the State of New Jersey, as enacted and construed on the date of original delivery of the Bonds, interest on the Bonds and any gain from the sale thereof is excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" for a description of certain other provisions of the Code that may affect the federal tax treatment of interest on the Bonds.*

**TOWNSHIP OF BRICK  
IN THE COUNTY OF OCEAN, NEW JERSEY  
\$14,000,000\* GENERAL IMPROVEMENT BONDS (LANDFILL CLOSURE PROJECT),  
SERIES 2010  
(Callable) (Book-Entry Only)**

Dated: Date of Delivery

Due: November 1, as shown on the inside front cover

The Township of Brick, in the County of Ocean, New Jersey (the "Township") is offering \$14,000,000\* aggregate principal amount of General Improvement Bonds (Landfill Closure Project), Series 2010 (the "Bonds").

The Bonds will be issued as fully registered Bonds in the form of one certificate for the aggregate principal amount of each maturity of the Bonds and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as Securities Depository. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any multiple thereof through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds.

Principal of the Bonds is payable on November 1 in each of the years set forth on the inside front cover page. Interest on the Bonds is payable on May 1, 2011 and semiannually thereafter on November 1 and May 1 in each year until maturity. As long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payment of the principal and interest on the Bonds will be made by the Township directly to DTC or its nominee, Cede & Co. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding October 15 and April 15 (the "Record Dates" for the payment of interest on the Bonds). The Bonds are subject to redemption prior to their stated maturities (See "Redemption Provisions").

The Bonds will constitute general obligations of the Township for the payment of the principal of and interest on which the full faith, credit and taxing power of the Township is available, and all the taxable real property within the Township is subject to the levy of ad valorem taxes, without limitation as to rate or amount, for such purposes.

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.**

*The Bonds are offered when, as and if received by the purchaser and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by GluckWalrath LLP, Trenton, New Jersey, Bond Counsel, and certain other conditions described herein. Acacia Financial Group, Inc. serves as Financial Advisor to the Township. It is expected that the Bonds, in definitive form, will be available for delivery on or about December 22, 2010.*

**ELECTRONIC PROPOSALS WILL BE RECEIVED FOR THE BONDS UNTIL 11:00 AM ON DECEMBER 8, 2010. ALL PROPOSALS MUST BE IN ACCORDANCE WITH THE NOTICE OF SALE.**

\*Preliminary, subject to change

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

This is a Preliminary Official Statement "deemed final" within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and is otherwise subject to change in accordance with applicable law. The Township will deliver an Official Statement in accordance with Rule 15c2-12. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

**AMOUNTS, MATURITIES, INTEREST AND YIELDS**

<b><u>Year</u></b>	<b><u>Amount*</u></b>	<b><u>Interest Rate</u></b>	<b><u>Yield</u></b>
2011	\$585,000	%	%
2012	795,000		
2013	815,000		
2014	835,000		
2015	860,000		
2016	880,000		
2017	905,000		
2018	930,000		
2019	960,000		
2020	990,000		
2021	1,020,000		
2022	1,050,000		
2023	1,085,000		
2024	1,125,000		
2025	1,165,000		

*\*subject to adjustment*

**TOWNSHIP OF BRICK, NEW JERSEY**

**MAYOR AND COUNCIL**

Stephen C. Acropolis, Mayor  
Joseph Sangiovanni, President  
Dan Toth, Vice President  
Brian DeLuca  
Anthony Matthews  
Kathy M. Russell  
Ruthanne Scaturro  
Michael Thulen, Sr.

**ADMINISTRATION OFFICIALS**

Scott M. Pezarras, Business Administrator and Chief Financial Officer  
Lynnette Iannarone, Township Clerk

**TOWNSHIP AUDITORS**

Hutchins Farrell Meyer & Allison, PA  
Freehold, New Jersey

**FINANCIAL ADVISOR**

Acacia Financial Group, Inc.  
Marlton, New Jersey

**BOND COUNSEL**

GluckWalrath LLP  
Trenton, New Jersey

**TOWNSHIP ATTORNEY**

Gilmore and Monahan  
Toms River, 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 Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Township as to information from sources other than itself. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier. The Township has not confirmed the accuracy or completeness of information relating to The Depository Trust Company (“DTC”) which information has been provided by DTC.

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

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

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**OFFICIAL STATEMENT OF  
TOWNSHIP OF BRICK  
IN THE COUNTY OF OCEAN, NEW JERSEY  
\$14,000,000\* General Improvement Bonds (Landfill Closure Project), Series 2010  
(Callable)**

**INTRODUCTION**

The Township of Brick, in the County of Ocean, New Jersey (the “Township”) is offering \$14,000,000\* aggregate principal amount of General Improvement Bonds (Landfill Closure Project), Series 2010 (the “Bonds”).

This Official Statement, including the cover page and the attached Appendices, contains specific information relating to the Bonds, including their general description, the purpose of the issue, a summary of borrowing procedures, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts and disbursements, is intended to show recent historic information and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Township.

**DESCRIPTION OF THE BONDS**

The Bonds are being issued to provide funds which will be used to: (i) permanently finance a portion of the costs of the closure of the Brick Township Landfill; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The Bonds will be issued in the form of one certificate in the principal amount of the Bonds, registered in the name of Cede & Co. as nominee of the Depository Trust Company (“DTC”), New York, New York, which will act as Securities Depository. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interest in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any multiple in excess thereof through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interest in the Bonds, but each book-entry Bond owner will receive a credit balance of the books of its nominee.

**REDEMPTION PROVISIONS**

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.

In the event the winning bidder elects to aggregate consecutive principal maturities of the Bonds into one or more term bonds, then each such term bond shall be subject to mandatory sinking fund redemption prior to maturity, in part, on the dates and in the amounts specified in the respective Notice of Sale for such aggregated consecutive principal maturities (other than the final such maturity), at a redemption price equal to

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\*Preliminary, Subject to Change

100% of the principal amount to be redeemed, plus accrued interest thereon to the date fixed for redemption.

Any Bond subject to redemption as aforesaid may be called in part, provided that the portion not called for redemption shall be in the principal amount of \$1,000 or any integral multiple thereof. If less than all of the Bonds of a particular maturity are to be redeemed, Bonds of that maturity shall be selected by the Chief Financial Officer (or, if appointed, the Paying Agent) by lot.

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

### **BOOK-ENTRY ONLY SYSTEM**

The description which follows of the procedures and record keeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to DTC Participants or Beneficial Owners (as defined herein), 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 as to the completeness or accuracy of such information.

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

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

Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds 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, Agent, or Issuer, 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 Issuer or Agent, disbursement of such payments to



Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

THE PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

#### **Discontinuation of Book-Entry Only System**

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

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

#### **PURPOSE OF THE BONDS**

The project to be financed by the Bonds in the principal amount of \$14,000,000 will be funding the closure of the Brick Township Landfill located in the northwestern section of the Township known as the Herbertsville section, adjacent to the Garden State Parkway at milepost 93.6 and Sally Ike Road, in accordance with plans approved by the United States Environmental Protection Agency and any other required governmental agency, including the capping and ventilation of the Landfill, all activities permitted under N.J.S.A. 40A:2-22 and including all other costs, work and services necessary therefore or incidental thereto all as authorized by bond ordinance No. 43-10.

#### **SECURITY FOR THE BONDS**

The full faith, credit and taxing power of the Township are available for the payment of the principal of the Bonds and the interest thereon. The Bonds will be valid and binding obligations of the Township and,

unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Township without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

### **AUTHORIZATION**

The Bonds have been authorized to be issued pursuant to the laws of the State of New Jersey, including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended and supplemented (the "Local Bond Law"); (ii) bond ordinance no. 43-10 duly and finally adopted by the Township Council of the Township (the "Township Council") and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution duly adopted by the Township Council on November 23, 2010.

### **ABSENCE OF MATERIAL LITIGATION**

To the knowledge of the attorneys for the Township, Gilmore and Monahan, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the attorney for the Township, no litigation is presently pending or threatened that, in the opinion of the attorney for the Township, would have a material adverse impact on the financial condition of the Township if adversely decided. A certificate to such effect will be executed by the attorney for the Township, and delivered to the purchaser of the Bonds at the closing.

### **TAX MATTERS**

In the opinion of Bond Counsel, assuming continuing compliance with covenants pertaining to provisions of the Code and subject to certain provision of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds, interest received by a holder of the Bonds, interest on the Bonds is not includable in gross income for federal income tax purposes under the Code, except for interest on any Bond during any period while such Bond is held by a "substantial user" of the facilities financed by the Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Interest on such Bonds will not be treated as a tax preference item for purposes of the alternative minimum tax for individuals or corporations.

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

Section 265(b) of the Code generally denies to financial institutions any deduction for that portion of interest expense incurred to purchase or carry certain tax-exempt obligations. 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 this interest disallowance provision, up to a maximum amount equal to 2% of the taxpayer's average adjusted bases of all its assets. The Bonds are not eligible for this safe harbor. An exception is provided certain small issuers who designate the obligations as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code and, provided certain conditions are met, for obligations the proceeds of which refund obligations which were designated as qualified tax-exempt obligations. Such obligations will be subject to a reduced disallowance rule. The Bonds will NOT be designated by the Township as qualified tax exempt obligations under Section 265(b) of the Code.

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

The federal income tax consequences from the purchase, ownership and redemption, sale or other disposition of Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Holders of Bonds should consult their own tax advisors with respect to the consequences of owning Bonds, including the effect of such ownership under applicable state and local laws.

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

In addition, prospective purchasers of the Bonds should be aware that on May 17, 2006, President Bush signed into law the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). TIPRA amended Section 6049 of the Code to provide that interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The provision is effective for interest paid on tax-exempt obligations after December 31, 2005, regardless of when the tax-exempt obligations were issued. Pursuant to Notice 2006-93, backup withholding will be required if the bondholder fails to provide a tax identification number.

## **STATE TAXATION**

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

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

## **LEGALITY FOR INVESTMENT**

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutional, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any 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 Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979 (the "Bankruptcy Act"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Act 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 priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one half in number of the listed creditors. The Bankruptcy Act 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 Act.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a local unit, including the Township, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Federal Bankruptcy Act. For the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Township has not authorized the filing of a bankruptcy petition. The Township is fiscally sound and has a broad tax base. This reference to the Bankruptcy Act or the State statute should not create any implication that the Township expects to utilize the benefits of their provisions, or that if utilized, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment of and security for the Bonds, or that the Bankruptcy Act Could not be amended after the date hereof.

## **NO DEFAULT**

There is no report of any default in the payment of the principal of, redemption premium, if any, and interest on any of the bonds, notes or other obligations of the Township as of the date of this Official Statement.

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of GluckWalrath LLP, Trenton, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with respect to the Bonds in substantially the forms set forth in Appendix C. Certain legal matters will be passed on for the Township by the Township Attorney, Gilmore and Monahan, Toms River, New Jersey.

## **FINANCIAL ADVISOR**

Acacia Financial Group, Inc., Marlton, New Jersey served as financial advisor to the Township with respect to the issuance of the Bonds. This Official Statement has been prepared on behalf of the Township with the assistance of the financial advisor. The information set forth herein has been obtained from the Township and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

## **RATING**

Standard & Poor's Ratings Services ("Rating Agency") has assigned its rating of "\_\_\_" to the Bonds. The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Township furnished 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 are being purchased from the Township by \_\_\_\_\_ (the "Underwriter") at a purchase price of \$\_\_\_\_,\_\_\_\_,\_\_\_\_. The Underwriter is obligated to purchase all of the Bonds if any Bonds are purchased.

The Underwriter intends to offer the Bonds to the public initially at the respective offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing bonds into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

## **SECONDARY MARKET DISCLOSURE**

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

During 2008, various bond insurance companies have been downgraded. On October 1, 2008, the Township provided a summary of this information to each National Repository as such information applied to the Township. Accordingly, the Township has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

## **FINANCIAL STATEMENTS**

The financial statements of the Township for the year ended December 31, 2009 are presented in Appendix B to this Official Statement. The financial statements of the Township for the year ended December 31, 2009 were audited by Hutchins Farrell Meyer & Allison, PA, independent auditors, as stated in their Independent Auditors' Report appearing in Appendix B.

## **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 purchasers of the Bonds, by certificate signed by the Township Chief Financial Officer, that to his knowledge such descriptions and statements, as of the date of this Official Statement and as of the date of delivery of the Bonds, are true and

correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein may be directed to Scott M. Pezarras, Chief Financial Officer at (732) 262-1050.

### **MISCELLANEOUS**

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

### **TOWNSHIP OF BRICK IN THE COUNTY OF OCEAN, NEW JERSEY**

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Scott M. Pezarras  
Chief Financial Officer

Dated: December \_\_, 2010

**APPENDIX A**  
**INFORMATION CONCERNING**  
**THE TOWNSHIP OF BRICK**

## **THE TOWNSHIP**

### **General**

The Township is a municipal corporation that was incorporated in 1850. The Township covers a land area of 26.4 square miles in the northeastern section of the County of Ocean in the east central area of the State of New Jersey (the "State") along the Atlantic Ocean. The Township is situated approximately 65 miles south of New York City and about 60 miles east of the Camden-Philadelphia metropolitan area. It is readily accessible from both metropolitan areas, and the Garden State Parkway links it directly with many points in the Northern New Jersey-New York Area. The Township shares in the marine and outdoor oriented activities present along New Jersey's Atlantic Coast.

### **Background**

Brick Township has evolved over the course of its history into one of New Jersey's most thriving, successful communities. The history of the Township is comprised of four developmental eras. Each era has its own unique characteristics.

The first era was that of the Native American Lenni Lenape Indians. Their existence in the Township was based on subsistence agriculture, fishing, hunting and gathering.

It is believed that the Europeans first visited the area as early as the 1660s and settled in 1742, displacing the Indians from the land. Their arrival heralded the opening of the European Settlement Era of the Township's history. Settlement grew as people were attracted to the area to take advantage of local timber, iron deposits and other natural resources.

The next era was the Expansion Era. Beginning with municipal incorporation in May 1850, the Township derived its name from iron magnate Joseph W. Brick. At this time the Township shifted its emphasis from a more iron production community to agriculture, particularly cranberry and blueberry cultivation, and to the sea.

The opening of the Garden State Parkway in the 1950s marked the beginning of the Modern Era, and set off a tremendous period of growth and evolution that is still continuing today. During this time, the population of the Township exploded from slightly over 4,000 in 1950 to over 76,000 in 2000. The Township became both a suburban community and summer resort. In the mid-1960s a change in government occurred as the committee form was replaced by a mayor and seven member council form. A police department was phased in during the early 1970s.

Today, the Township looks to the future. With the Township nearly fully developed, emphasis now shifts to refining that development. As the Township enters the 21st century, it seeks to improve the already excellent quality of life of its residents even more.

### **Governmental Structure**

The Township operates under a Mayor-Council form of government. The Mayor is elected for a four-year term without limitation as to the number of terms. The Township Council consists of seven persons, elected biennially, for staggered four-year terms.



The Mayor is the chief executive and administrative officer in the Township and, as such, is responsible for administering local laws and policy development. The specific powers of the Mayor include various appointments, preparation of the Township's budget, and approval or veto (which may be overridden by a 2/3 vote of the Township Council) of the ordinances adopted by the Township Council. The Mayor appoints, with the advice and consent of the Township Council, the Business Administrator, the Township Attorney, and the Directors of the Departments of Public Safety, Engineering and Public Works. The incumbent mayor, Stephen C. Acropolis, was appointed in January, 2007.

All legislative power of the Township is exercised by the Township Council, including final adoption of spending legislation such as budgets and bond authorizations. In addition to its legislative powers, the Township Council may also conduct such investigations as it deems appropriate. The members of the Township Council, the dates at which their terms end and the dates from which they have served continuously are as follows:

<b>Name</b>	<b>Served Since</b>	<b>Term Expires</b>
Anthony Matthews – President	January 2004	December 31, 2011
Dan Toth, Vice President	January 2006	December 31, 2013
Ruthanne Scaturro	January 2004	December 31, 2011
Joseph Sangiovanni	January 2006	December 31, 2013
Domenick Brando	January 1997	December 31, 2013
Michael A. Thulen, Sr.	January 2004	December 31, 2011
Brian DeLuca	January 2004	December 31, 2011

**Principal Governmental Services**

There are six departments within the municipal government which include: Administration, Law, Finance, Public Safety, Public Works and Engineering. Principal services provided by the municipal government include police protection, street maintenance and cleaning, and parks and recreation. Fire protection is provided through special fire districts supported by a separate tax levy.

## ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

### Trend of Employment and Unemployment

	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment</u>
<b>Township of Brick</b>				
2009	41,135	37,314	3,820	9.3%
2008	40,918	38,610	2,308	5.6
2007	40,736	39,036	1,700	4.2
2006	40,883	39,062	1,821	4.5
2005	40,405	38,714	1,691	4.2
<b>County of Ocean</b>				
2009	263,075	237,439	25,636	9.7%
2008	260,053	244,509	15,544	6.0
2007	257,602	245,899	11,703	4.5
2006	257,236	244,473	12,763	5.0
2005	250,176	238,937	11,239	4.5
<b>State of New Jersey</b>				
2009	4,536,700	4,118,400	418,300	9.2%
2008	4,496,700	4,251,200	245,500	5.5
2007	4,466,300	4,276,600	187,700	4.2
2006	4,518,000	4,309,000	209,000	4.6
2005	4,430,400	4,235,900	194,400	4.4

Source: State of New Jersey, Department of Labor, Division of Labor Market and Demographic Research

### Largest Employers

The following represent some of the largest employers in the Township with approximate employment as of December 31, 2009:

Brick Township Board of Education	1,618 employees
Meridian Health Care	1,400 employees
Township of Brick	505 employees
Walmart	293 employees
Target	214 employees

### Population

	<b>Brick Township</b>	<b>Ocean County</b>	<b>State of New Jersey</b>
2000	76,119	510,916	8,424,354
1990	66,473	433,203	7,905,880
1980	53,629	346,038	7,364,823
1970	35,057	208,270	7,171,112
1960	16,299	108,192	6,066,782
1950	4,319	56,586	4,835,329

Source: N.J. Department of Labor and Industry, Division of Labor Market and Demographic Research- Local Area Unemployment Statistics.

Much of the population growth in the Township was the result of several factors: the influx of year- round occupancy; the diversion of growth to areas outside the protected area of the State known as the Pinelands; the influx of senior citizen housing projects; the availability of vacant land zoned and suitable for housing; and the continued strength of the resort economy.

Significant changes have occurred in the Township's population composition, according to the 1990 U.S. Census. The population aged 65 years and older has increased significantly since 1970 and now comprises approximately 17.3% of the population, up from 10% in 1970 and 15% in 1980. Accordingly, the population aged 24 and under decreased from 49.5% of the total population in 1970 to 38% in 1980 and 31.9% in 1990.

Population density in the Township has increased. In 1970, there were 1,328 persons per square mile. In 1980, the population density was 2,031 persons per square mile; in 1990 the figure had increased to 2,518 persons per square mile, and in 2000 was estimated at 2,901 per square mile.

**Tourism**

As noted, the Township has traditionally been a very popular resort community. However, there has been an increasing trend for former summer residents to convert their homes to year-round residences. 1990 Census figures show 28,843 housing units in the Township, of which 24,965 were residences occupied year round. According to the 1980 U.S. Census, there were 22,025 housing units, of which 20,753 were occupied year round. One indication of the importance of the recreational aspects of the Township is that according to land use statistics for 1964, 27 acres were used for marine purposes, compared to 117 acres in 1980. Overall recreational area, as of December 31, 2000, totaled approximately 3,337 acres.

**Construction and Improvements**

Application must be made to the Township's Planning Board for approval of minor subdivisions, major subdivisions and site plans for commercial or apartment/condominium projects. For large developments, preliminary approval is necessary for the concept, followed by final approval before construction begins. The following table shows the minor (3 lots or less) and major subdivisions approved for construction for commercial or apartment/condominium projects. Also shown are all residential building permits granted for the years shown:

	Minor and Major Subdivisions	Residential Building Permits
2009	7	2738
2008	10	4268
2007	19	4,556
2006	15	3,065
2005	13	3,943
2004	23	4,934
2003	21	5,521

Source: Township Assessor and Township Building Department.

**Housing Stock**

According to data prepared by the Office of the Tax Assessor, as of 2009 there were 30,549 single family dwellings, 4,188 condominiums, and 2,104 apartments for a total of 36,841 units compared to 2008 there were 30,509 single family dwellings, 4,154 condominiums, and 2,104 apartments for a total of 36,767 units compared to 2007 there were 30,468 single family dwellings, 4,054 condominiums, and 2,104 apartments for a total of 36,626 units compared to 2006 there were 30,422 single family dwellings, 4,045 condominiums, and 2,104 apartments for a total of 36,571 units and compared to 2005 when there were 30,339 single family dwellings,

4,045 condominiums, and 2,104 apartments, for a total of 36,488 units.

## **FINANCIAL MANAGEMENT**

### **Impact of State Fiscal Emergency**

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

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

Governor Christie's proposal represents a reduction of approximately 17% in combined COMPTRA and Energy Tax Receipts aid statewide. While the Township cannot predict the outcome of the FY 2011 State Budget or of the proposed legislation and constitutional amendment noted above. However, it appears likely that there will be significant reductions in State aid to the Township during the State's 2011 fiscal year, with corresponding financial pressures upon the Township to offset such reductions through either spending reductions or increased revenues. Projected State aid figures by the Department of Community Affairs (DCA) on March 18, 2010 reflect an approximately 20.45% decrease in COMPTRA and Energy Tax Receipts aid, from \$6,773,062 in State FY 2010 to \$5,388,204 in State FY 2011. In addition, DCA announced that 5% of State FY 2011 aid would be withheld unless the municipality certifies compliance with certain best-practices standards.

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

### **Accounting and Reporting Practices**

The accounting policies of the Township conform to the accounting principles applicable to municipalities which have been prescribed by the State Division of Local Government Services. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless canceled by the governing

body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of the operations. As is the prevailing practice among municipalities and counties in New Jersey, the Township does not record obligations for accumulated unused vacation and sick pay.

Under this method of accounting, the Township accounts for its financial transactions through the following separate funds:

Current Fund - receipts and expenditures for governmental operations of a general nature including all Receipts from Federal and State funds are realized as revenue when anticipated in the Township budget.

Trust Fund - receipts, custodianship, and disbursement of monies in accordance with the purpose for which each trust was created.

Capital Fund - receipts and disbursements of funds used for acquisition of capital facilities other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund and are offset by deferred charges to future taxation.

Public Assistance Fund - receipts and disbursements used to provide assistance to certain residents of the Township pursuant to Title 44 of the New Jersey Statutes.

Animal Control Trust Fund – dog licenses revenue and expenditures.

General Fixed Asset Account Group – used to account for general fixed assets used by the Township in governmental operations.

## **Budget Process**

The operating budget process, including submission of the budget by the Mayor to the Township Council, its approval and adoption by the Township Council and its certification by the Director of Local Government Services of the State, is a matter of Township charter and State statute. According to the Township charter, the Mayor is to prepare his budget for submission to the Township Council on or before January 15. The Township Department of Administration, under the direction of the Business Administrator, is charged by the Mayor with responsibility for the preparation of a budget for each department.

The appropriation budgetary process consists of the modification and review of estimated appropriation requests of the operating directors and managers of the various Township departments and agencies. Revenue estimates are made throughout the process to determine the amount of ad valorem taxes needed to balance the budget. These estimates are provided by the various collecting agencies of the Township and are based on previous years' receipts and instructions from the State as to what level of revenue to anticipate.

The Township Council, as a general rule, will initially introduce the budget by February 10, after which it is advertised and reviewed at public hearings conducted by the Township Council. After the close of the public hearings, and provided certification by the Director of Local Government Services approving the budget has been received, the Township Council may adopt the budget if there are no amendments. Should the Township Council amend the budget, additional public hearings would be required if such amendments add a new item of appropriation in an amount in excess of 1% of the total amount of appropriation as stated in the approved budget, increase or decrease any item of appropriation by more than 10%, or increase the amount

to be raised by taxes by more than 5%. As a general rule, the budget is adopted by March 20, provided approval of the budget by the Director of Local Government Services has been received.

In order to provide for expenditures to be made in the period commencing January 1 and ending with adoption of the regular budget, temporary appropriations may be made by the Township Council through a resolution adopted prior to January 31. Such temporary appropriations are normally made after January 1st, and are generally limited to 26.25% of the total appropriations made for all purposes during the preceding year. Debt service, capital improvement funds, and public assistance payments are exempted from such limits. Sufficient moneys must be appropriated to provide for the complete and timely payments of principal of and interest on any outstanding debt coming due during the fiscal year. All expenditures made against temporary appropriations must be provided for within the adopted budget,

### **State Budget Requirements**

Set forth below is a summary of various statutory requirements relevant to the Township's budget process. This summary does not purport to be complete and reference should be made to the statutes referred to for a complete statement of the provisions thereof.

The Local Budget Law, Chapter 4 of Title 40A of the New Jersey Statutes, as amended and supplemented (the "Local Budget Law"), governs the budgeting and appropriation of funds by counties and municipalities. The Local Budget Law requires every local unit to adopt an operating budget in the form required by the New Jersey Division of Local Government Services. Items of revenues and appropriations are regulated by law and must be certified by the Director of Local Government Services prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director of Local Government Services is required to review the adequacy of such appropriations. Among other restrictions, the Director of Local Government Services must examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations less non-tax revenues plus a reserve predicated on the prior year's collection experience. Anticipated non-tax revenues are limited to the amount actually realized during the previous year unless the Director of Local Government Services certifies a higher figure. The Director of Local Government Services is empowered to permit a higher level of anticipation, however, should there be sufficient statutory or other evidence to substantiate that such anticipation is reasonable.

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

The operating budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations. If in any year the Township's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

The Township is required to forward to the County Board of Taxation (the "County Board") a certified copy of its operating budget, as adopted, not later than March 31 of the then current fiscal year. In the event that the County Board has not received a copy of the budget resolution or other evidence showing the amount to be raised by taxation for the purposes of a

taxing district, the Director of Local Government Services shall transmit to the County Board a certificate setting forth the amount required for the operation of the Township for that fiscal year. The operating budget of the preceding year shall constitute and limit the appropriations for the then current year with suitable adjustments for debt service, other mandatory charges and changes in revenues, but excluding the amount to be raised by taxes for school purposes, where required to be included in the municipal budget.

The certificate shall be prepared by using the revenues and appropriations appearing in the adopted budget of the preceding year with suitable adjustments to include, without limitation: (a) any amounts required for principal and interest of indebtedness falling due in the fiscal year, (b) any deferred charges, including a deficit, if any, or statutory expenditures required to be raised in the fiscal year.

### **Appropriations "CAP"**

Section 40A:4 45.3 of the Local Budget Law, commonly known as the "Cap Law," provides that a municipality shall limit any increase in its operating budget to five percent or the calculated Index Rate, whichever is less, over the previous year's final appropriations, subject to certain exceptions. The Local Finance Board has the authority, under Section 40A:4 45.3 of the Local Budget Law, to grant additional exceptions to the Cap Law under certain circumstances. The Index Rate is defined as the annual percentage increase in the Implicit Price Deflator for State and Local Government Purchasers of Goods and Services produced by the United States Department of Commerce as announced by the Director. Municipalities may elect, upon adoption of an ordinance, to approve an increase in appropriations that is greater than the Index Rate, not to exceed five percent, when the Index Rate is less than five percent. Major exceptions not subject to the spending limitation include: capital expenditures and debt service; State and Federal appropriations; expenditures mandated as a consequence of certain public emergencies; certain expenditures mandated by law; cash deficits of the preceding year approved by the Local Finance Board; amounts required to be paid pursuant to any contract with respect to use, services or provision of any project, facility or public improvement for water, sewer, solid waste, parking, senior citizen housing or similar purpose, or payments on account of debt service therefore or lease payments as made with respect to a facility owned by a county improvement authority where such lease payments are a necessity to amortize debt of the authority; amounts expended to meet the standards established by the New Jersey Public Employees' Occupational Safety and Health Act; amounts appropriated for expenditures resulting from impact of a hazardous waste facility; any expenditure mandated as a result of a natural disaster, civil disturbance or other emergency that is specifically authorized pursuant to a declaration of an emergency by the President of the United States or by the Governor; expenditures for the cost of services mandated by any order of court, statute or administrative rule issued by a State agency which has identified such cost as mandated expenditures on certification to the Local Finance Board by the State agency; and amounts reserved for uncollected taxes. The "Cap Law" does not limit the obligation of the Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service.

On June 21, 2004, the Legislature enacted amendments to the "Cap Law", under which municipalities are required to limit any increase in its operating budget to 2.5% or the "cost-of-living adjustment" (formerly known as the "Index Rate"), whichever is less, over the previous year's final appropriations, subject to certain exceptions. Municipalities are permitted to elect, upon adoption of an ordinance, to approve an increase in appropriations that is greater than the cost-of-living adjustment, not to exceed 3.5%, when the cost-of-living adjustment is less than or equal to 2.5%. However, the amendment eliminates the existing option to exceed the current 5%

increase, but not to exceed the Index Rate, when the Index Rate is greater than 5%. The amendment also eliminates certain of the exceptions to the spending limitation, including: amounts expended to meet the standards established by the New Jersey Public Employees' Occupational Safety and Health Act; amounts appropriated for expenditures resulting from the impact of a hazardous waste facility; amounts appropriated for the cost of administering a joint insurance fund; amounts appropriated for the cost of implementing an estimated tax billing system and the issuance of tax bills thereunder; and amounts expended to pay the salaries of police officers hired under the federal "Community Oriented Policing Services" program. The amendment also requires Local Finance Board approval to utilize existing exceptions for: expenditures of amounts actually realized in the local budget year from the sale of municipal assets; and expenditures related to the cost of conducting and implementing a total property tax levy sale. The exception for amounts expended for the staffing and operation of the municipal court was replaced with an exception for newly authorized operating appropriations for the municipal court or violations bureau when approved by the vicinage Presiding Judge of the Municipal Court after consultation with the mayor and governing body of the municipality.

The "Cap Law" is subject to frequent amendment by the Legislature. On April 3, 2007, the Governor approved an amendment to the "Cap Law" which permits increases in appropriations for increased health insurance costs in excess of 4% (but not more than the average percentage increase of the State Health Benefits Program). Such legislation also contains a new limitation on municipal tax levies. See "PROPERTY TAX REFORM" below.

### **Miscellaneous Revenues**

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

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation of like amount. 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.

### **Deferral of Current Expenses**

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

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revisions, and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes which may be amortized over five years. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.



## **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three months of the year, to the previous year's 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. However, transfers may not be made between salary and other expense appropriations within an account, or between accounts unless approved by a 2/3 vote of the governing body.

## **The Local Fiscal Affairs Law**

The Local Fiscal Affairs Law, Chapter 5 of Title 40A of the New Jersey Statutes, as amended and supplemented (the "Local Fiscal Affairs Law") (N.J.S.A. 40A:5-1 et seq), regulates the non-budgetary financial activities of local units. The chief financial officer of every local unit must file annually with the Director of Local Government Services a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of the Township's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit," includes recommendations of improvement of the local unit's financial procedures and must be filed with the Director of Local Government Services prior to June 30th of each year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

## **Capital Budget**

In accordance with the Local Budget Law, each local unit must adopt and annually revise a six-year capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing (including authorization of bonds) or from the annual operating budget if the items were detailed. The Township's 2009 capital budget was adopted on March 31, 2009 and contains \$6,615,540 in capital projects.

## **Fiscal 2009 Budget**

The fiscal 2009 budget, as adopted, includes total general appropriations of \$76,877,085, of which \$48,960,127 was raised from local current property tax, including the Reserve for Uncollected Taxes, and \$27,916,958 is anticipated to be raised by other revenues (including surplus, miscellaneous revenues and receipts from delinquent taxes). For a discussion of the State law which limits municipal expenditures see "Appropriations "CAP". In addition to the municipal portion of the budget, the Township collects taxes on behalf of three fire districts, the Board of Education and the County. (See "Budget Process")

Chapter 75 of the Laws of New Jersey of 1991 requires municipalities with populations of over 35,000 (and certain other municipalities) to adopt a July 1 fiscal year commencing July 1,

1991. The Township received a waiver of this requirement in order that it may maintain a January 1 fiscal year.

### **PROPERTY TAX REFORM**

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

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

On April 3, 2007, the Governor approved legislation which imposes, in addition to the "Cap Law" described under "Appropriations "CAP" above, a temporary limitation on the amount to be raised by taxation by all counties, municipalities, school districts and other taxing entities. For each of the five Township fiscal years beginning with the 2007-2008 Fiscal Year, the amount to be raised by taxation would generally be limited to the sum of (i) 104% of the previous year's tax levy, plus (ii) the amount of new ratables, plus (iii) certain excluded items (as described below), plus (iv) items for which the Local Finance Board has granted a waiver to address certain extraordinary costs. Excluded items include (1) increases in amounts required to pay debt service and pre-effective date leases with county improvement authorities, (2) increases due to a reduction in State formula aid, (3) increases for certain pension obligations, (4) increases in excess of 4% in the required reserve for uncollected taxes and (5) increases in excess of 4% in health care costs (but not more than the average percentage increase of the State Health Benefits Program). This limitation may be exceeded by approval of 60% of the voters at a special referendum held for such purpose.

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

### **REVENUES**

#### **Property Taxes**

The following table details the general tax rates for the Township for 2005 through 2009.

<u>Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Rate Per \$100</u>					<u>Equalized Valuation</u>
		<u>Municipal</u>	<u>Municipal Open Space</u>	<u>County</u>	<u>School</u>		
2009	4,709,288,900	3.885	1.038	0.01	0.701	1.986	12,966,103,800
2008	4,692,732,300	3.885	0.998	0.01	0.848	1.944	12,927,637,190
2007	4,676,831,200	3.577	0.902	0.01	0.804	1.860	12,889,743,222
2006	4,662,132,804	3.398	0.853	0.01	0.762	1.774	12,073,730,213
2005	4,622,483,000	3.233	0.798	0.01	0.739	1.686	8,939,574,005

Sources: Township Audited Financial Statements, Township Tax Assessor and County Abstract of Ratables.

The following table details assessed valuations of the Township, by class, for fiscal 2005 through 2009.

**Assessed Valuations (\$ in thousands)**

	<u>Residential</u>	<u>Apartment</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Vacant</u>	<u>Farm</u>	<u>Total</u>
2009	4,115,208	47,851	468,779	9,239	68,116	96	4,709,289
2008	4,091,642	53,882	459,046	10,405	77,661	96	4,692,732
2007	4,067,300	54,472	464,923	10,645	79,395	96	4,676,831
2006	4,039,070	54,471	476,405	8,979	76,456	96	4,655,477
2005	4,007,550	55,054	471,112	8,979	79,692	96	4,622,483

Source: Township Tax Assessor.

The following table lists the ten largest taxpayers in the Township in fiscal 2009 and the assessed value and tax levy for each.

**Ten Largest Taxpayers**

	<u>Nature of Business</u>	<u>2009 Assessment</u>	<u>2009 Taxes</u>
Federal Realty Investment Trust	Retail	30,970,700	\$1,228,608
Bricktown VF LLC	Retail	20,832,900	826,441
JSM @ Brick LLC	Retail	14,803,300	587,247
Super Intermediateco LLC	Retail	14,360,000	570,810
Waterside Gardens Apartment	Apartments	11,600,000	460,172
Kentwood Construction	Apartments	9,400,000	373,650
Crescent Center Assoc	Retail	9,200,000	364,964
Lowes Home Center Inc	Retail	8,281,000	328,507
Dayton Hudson/Mervyn	Retail	7,697,200	305,348
Hovcare of Brick Inc.	Assisted Living	<u>6,960,000</u>	276,103
	<b>TOTAL</b>	<b>\$134,105,100</b>	

Source: Township Tax Assessor.

The tax assessor determines the taxable valuations of real property in the Township as of October 1 of the next preceding fiscal year and completes preparation of the assessment list on January 10 of the current fiscal year, on which date the tax assessor files such assessment list with the County Board of Taxation. Taxes for any fiscal year are payable in four installments due on the first day of February, May, August and November.

**County and School Taxes**

The Township must include in its tax levy real estate taxes included in the budgets for the Board of Education and the County. The Board of Education and the County each receives 100% of its respective tax levy, which is paid to it by the Township, regardless of whether the Township is able to collect the full levy. Thus, the Township bears the effect of delinquencies in tax payments as to the school and County portions, as well as the municipal portion of the tax levy.

**Delinquent Taxes**

The Township may fix the rate of interest to be charged for non-payment of taxes when they become delinquent, and may provide that no interest shall be charged if payment of any installment is made within ten days following the date upon which the installment became due and payable. The rates established for delinquent installments are 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any delinquent amount in excess of \$1,500, to be calculated from the date the tax was payable until the date of actual payment.

Each year after April 1, the Township holds a tax sale for all delinquent accounts from the prior year. The Township will allow any of these liens to be paid on a monthly basis while keeping the current payments up to date. The Township has implemented a program whereby liens are foreclosed within six months after the tax sale. As a result, most liens are outstanding for no longer than one year.

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collection</u>	<u>Percentage Collected</u>
2009	186,065,950	188,702,211	98.44
2008	180,964,452	178,563,820	98.67
2007	172,041,553	168,953,728	98.20
2006	162,940,614	160,546,414	98.53
2005	154,162,182	151,938,457	98.55

Sources: Township Audited Financial Statements.

**Miscellaneous Revenues 2009**

The Township receives revenues from a number of sources including state aid, federal and state grants, departmental revenues, interest on investments, and other fees and charges. For fiscal 2009, the Township realized \$15,769,699 in miscellaneous revenues, as compared to \$13,622,840, \$14,179,517, \$16,593,667, \$16,225,955 and \$12,048,800 in fiscal 2008, 2007, 2006, 2005 and fiscal year 2004, respectively.

**State Aid**

The major types of State aid and State shared taxes the Township has realized over the past five years have included Energy Receipts Tax and the Consolidated Municipal Property Tax Relief Act. In fiscal 2009, these revenues generated \$6,771,922 compared to \$7,086,593 in fiscal year 2008, \$7,290,531 in fiscal year 2007, \$7,431,454 in fiscal year 2006, \$7,571,454 in fiscal 2005 and \$7,291,455 in fiscal 2004, respectively.

**EXPENDITURES**

**Payroll and Related Expenses**

The Township employed approximately 377 full-time and 189 part-time employees as of January 31, 2009. Under the laws of New Jersey, municipal employees have certain organizational and representational rights, which include the right to organize, to negotiate collectively through representatives of their choosing and to engage in lawful concerted activities for negotiating. State law prohibits strikes by public employees and there have been no strikes among municipal employees in the Township since employees were granted the right to negotiate collectively.

As of January 2009, approximately 341 of the Township's employees were organized in three collective bargaining units. The PBA (Local 230) is currently in mediations with the Township. The Brick Supervisory Unit (Teamsters) is currently in negotiations with the Township. The Township currently has a contract in place with the TWU Local 225 through December 31, 2011.

<u>Bargaining Unit</u>	<u>Job Category</u>	<u>Members</u>
PBA (Local 230)	Represents all uniformed officers.	127
TWU Local 225	Represents all blue collar employees, and all clerical employees except department heads and other supervisors	190
Brick Supervisory Unit	Represents all foremen and supervisors.	24

Source: Township Business Administrator.

## **Retirement Systems and Pension Funds**

All full-time or qualified Township employees must enroll in one of two pension systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are determined by State legislation. The Division of Pensions within the Treasury Department of the State is the administrator of the funds with benefit and contribution levels set by the State.

### **Public Employees' Retirement System**

Non-uniformed permanent Township employees are covered under the Public Employees' Retirement System. The system is evaluated every year. Employee rates of contribution are normally determined by the rate applicable at the age of enrollment. The Township made a payment in fiscal year 2009 totaling \$1,340,266, compared to \$926,130 in 2008, \$526,948 in 2007, compared to \$279,557.20 in 2006, compared to \$101,211 in 2005 and \$0 in fiscal year 2004.

### **Police and Firemen's Retirement System**

Uniformed employees of the Township are covered under the Police and Firemen's Retirement System. The Township made payments of \$2,868,528 in fiscal year 2009 as compared to \$2,484,519 in 2008, \$1,713,839 in 2007, to \$1,066,749.60 in 2006, \$533,674 in 2005 and \$211,824 in fiscal year 2004.

### **Affordable Housing Obligations**

Under the state Constitution, as interpreted by the New Jersey Supreme Court, growing New Jersey municipalities have an obligation to address regional housing needs by providing opportunities for affordable housing to low and moderate income families and individuals. This obligation may be met by construction of new housing, rezoning to permit increased residential development, payment to other municipalities, or other means. The New Jersey Council on Affordable Housing ("COAH") adopted a Resolution granting substantive certification to the Township on February 3, 1993. The Township's program includes the construction of affordable housing by developers and the Township. Funding for implementation of this program is expected to be achieved through mandatory developer fees, administrative fees and federal and state grant monies. Therefore, the Township anticipates that the components of this approval will not impose further financial obligations upon the Township.

### **Board of Education**

New Jersey's school districts operate under the same comprehensive review and regulation as do its municipalities. Certain exceptions and differences are provided, but the State supervision of school finance closely parallels that of local governments.

The Board of Education operates under Title 18A, Education, of the New Jersey Statutes and is a Type II district. The Board of Education operates independently of the governing body of the Township, and the members of the Board are elected by the voters of the school district. The Board is composed of seven members serving three-year staggered terms.

The school enrollment was as follows for the 2000-01 through 2009-10 school years:

<u>School Year</u>	<u>Enrollment</u>
2000/01	11,317
2001/02	11,394
2002/03	11,431
2003/04	11,437
2004/05	11,357
2005/06	10,933
2006/07	10,797
2007/08	10,569
2008/09	10,398
2009/10	10,303

The Board of Education adopts its own budget. The legal voters of the district vote upon the amount to be raised by taxation. If the vote of the people at the annual election is favorable, this amount is certified directly to the County Board of Taxation of Ocean County, and the tax rate is accordingly established. If the people do not approve of the amount on the ballot, the budget is submitted to the governing body of the Township. The governing body may then either approve the budget as submitted or certify a reduction to the County Board of Taxation. If the budget is not acted upon by the governing body within the time specified by law, or if the Board of Education appeals the reduction made by the governing body, the budget is then submitted to the Commissioner of Education of the State of New Jersey. The school district operates on a fiscal year of July 1 to June 30.

**School Debt Subject to Voter Approval**

State law permits the school district, upon approval of the voters, to authorize school district debt, including debt in excess of its debt limit of 4.00% of the equalized valuation basis by using the available borrowing capacity of the Township. If such debt should be in excess of the school district debt limit and the remaining borrowing capacity of the Township, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters. The debt of the Township school district is at present within statutory limits.

**Short-Term Financing**

The Board of Education may authorize the issuance of its short-term notes to finance temporarily a capital improvement or project in anticipation of the issuance of bonds. These notes, which are full faith and credit obligations of the issuer, may be issued for a period not exceeding one year and may be renewed from time to time for periods that do not exceed one year.

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

The Township has unlimited power to pay any and all bonds and notes issued pursuant to the Local Bond Law, and it shall levy ad valorem taxes upon all taxable real property within the boundaries of the Township without limitation as to rate or amount. The Township is required to include the total amount of interest and debt redemption charges payable on all of its general obligation indebtedness for the forthcoming fiscal year in its annual budget.

Enforcement of a claim for payment of principal of or interest on bonds and notes of the Township will be subject to applicable provisions of Federal bankruptcy laws and to the provisions of statute, if any, heretofore or hereafter enacted by the Congress of the United States or by the Legislature of the State. See "MUNICIPAL BANKRUPTCY" herein.

## **TOWNSHIP INDEBTEDNESS**

### **Procedure for Authorization**

The Township has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of Township debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The Township is not required to submit the proposed incurrence of indebtedness to a public referendum.

The Township, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Capital improvements for school purposes are authorized pursuant to Title 18A, Education, of the New Jersey Statutes. Bond ordinances must be finally approved by the recorded affirmative vote of at least two-thirds of the full membership of the Township Council. The Mayor must also approve the ordinance. If the Mayor should exercise a veto, the ordinance may be passed over the veto by a two-third's majority vote of the Township Council. The Local Bond Law requires publication and posting of the ordinance. If the ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty days after the first publication thereof after final adoption. At the conclusion of the twenty-day estoppel period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be stopped from questioning their sale, execution or delivery by the Township.

Bonds must mature within the average period of the useful lives of the purposes bonded as determined from the date of issuance of the bonds. The authorization of bonds must usually be accompanied by a cash down payment of not less than 5% of the amount of bonds and notes authorized. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution pursuant to the Local Budget Law.

## Debt Limit

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

The Township may exceed its debt limit with the approval of the Local Finance Board. 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 or services, or make 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 following table shows the Township's debt capacity as of December 31, 2009 for capital purposes.

### Debt Limit

Three Year Average Equalized Valuation	\$12,812,187,890
Statutory Borrowing Capacity (3-1/2% Equalized Valuation Basis)	\$448,426,576
Statutory Net Debt	<u>\$99,722,463</u>
Remaining Borrowing Capacity	\$348,704,112
Percentage of Net Debt to Average Equalized Valuation	0.78%

(1) Includes authorized but not issued debt.



## Outstanding Long-Term Indebtedness

The following page presents the debt service requirements on currently outstanding serial bonds as of December 31, 2009.

### Statement of Indebtedness As of December 31, 2009

#### DIRECT DEBT

Township Indebtedness Issued and Outstanding	
Serial Bonds	\$ 80,541,000
Bond Anticipation Notes	5,615,135
Green Trust Loans	3,008,885
Bonds and Notes Authorized But Not Issued	9,622,369
N.J. EITF Loan	1,735,072
Board of Education Debt	<u>25,021,349</u>
Total Gross Debt	\$ 125,543,812
Less Statutory Deductions:	
Board of Education Debt	25,021,349
Township Cash on Hand to Pay Debt	<u>800,000</u>
Net Direct Debt	<u>\$99,722,463</u>

#### INDIRECT DEBT

<u>Name of Related Entity</u>	<u>Principal Amount</u>	<u>Brick Township</u>
Brick Township Municipal Utilities Authority (1)	\$80,541,000	\$80,541,000
Ocean County	\$426,924,510	\$50,448,198
Ocean County Utilities Authority	<u>\$265,811,925</u>	<u>\$27,308,362</u>
Net Indirect Debt		<u>\$158,297,560</u>
Total Net Direct and Indirect Debt		<u>\$258,020,023</u>

(1) The BTMUA debt is payable from revenues of the BT MUA and is self-supporting.

**APPENDIX B**  
**FINANCIAL STATEMENTS OF**  
**THE TOWNSHIP OF BRICK**

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY  
YEARS ENDED DECEMBER 31, 2009 AND 2008

FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION  
with  
INDEPENDENT AUDITOR'S REPORTS  
and  
COMMENTS AND RECOMMENDATIONS

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COUNTY OF OCEAN, NEW JERSEY

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COUNTY OF OCEAN, NEW JERSEY

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

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying regulatory-basis financial statements of the Township of Brick, County of Ocean, New Jersey ("Township") as of December 31, 2009 and 2008, and for the year ended December 31, 2009, which collectively comprise the Township's basic financial statements as listed as financial statement exhibits in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Township prepares its financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.



In our opinion, because of the effects of the Township's preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or the changes in its financial position, or, where applicable, its cash flows for the years then ended. Further, the Township has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Also in our opinion, the regulatory-basis financial statements referred to above present fairly, in all material respects, the financial position, on a regulatory accounting basis, of the various funds of the Township as of December 31, 2009 and 2008, and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the Statements of Revenues - Regulatory Basis and the Statement of Expenditures - Regulatory Basis of the various funds for the years ended December 31, 2009 and 2008 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2010 on our consideration of the Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the regulatory-basis financial statements taken as a whole. The accompanying Schedule of Federal Financial Awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. The accompanying supplementary schedules and Comments section listed in the Table of Contents are presented for purposes of additional analysis as required by the Division and are not a required part of the regulatory-basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

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

Independent Auditors



Robert W. Allison

Registered Municipal Accountant  
(#483)

June 23, 2010

## FINANCIAL STATEMENTS

CURRENT FUND  
EXHIBITS

TOWNSHIP OF BRICK  
 COUNTY OF OCEAN, NEW JERSEY  
 CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2009 and 2008

<u>Assets</u>	<u>Reference</u>	<u>2009</u>	<u>2008</u>	<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2009</u>	<u>2008</u>
Cash and Cash Equivalents	1-A	\$ 19,130,911.20	\$ 18,110,226.92	Appropriation Reserves	A-3,11-A	\$ 1,751,710.87	\$ 1,134,340.15
Cash - Change Funds	A	1,175.00	1,175.00	Reserve for Encumbrances	12-A	979,760.91	453,902.80
Due From State of New Jersey - (C.20, P.L. 1971)	2-A	37,101.78	23,970.05	Special Emergency Note Payable	13-A	720,000.00	1,080,000.00
				Prepaid Taxes	14-A	1,201,224.12	1,035,758.12
				Tax Overpayments	15-A	295,867.23	325,877.01
				County Taxes Payable	16-A	139,442.03	188,447.47
				Interfunds Payable	19-A	55,538.89	184,467.31
				Due To General Capital Fund	20-A	5,918,059.19	6,846,363.71
				Due To State of New Jersey:			
				License Fees	21-A	1,700.00	
				DCA Surcharge	22-A	17,985.00	6,701.00
				Payroll Deductions Payable	23-A	78,694.67	79,586.96
Receivables and Other Assets With Full Reserves:				Reserve for:			
Delinquent Property Taxes Receivable	3-A	2,554,566.55	2,574,578.69	Garden State Preservation Trust	24-A	0.16	0.16
Tax Title Liens Receivable	4-A	737,035.17	644,046.03	Land Sale Deposits	24-A	400.00	400.00
Property Acquired for Taxes	5-A	3,270,700.00	3,314,050.00	Sale of Assets	24-A	208,257.00	208,257.00
Sales Contracts Receivable	6-A		3,500.00	Revaluation	24-A	447,266.77	847,379.73
Revenue Accounts Receivable	7-A	119,922.02	146,103.82				
Advanced School Taxes	8-A	2,694,456.93	3,439,790.93				
Due From Trust Fund - Escrow	9-A	3,212.81	241,619.95				
		<u>9,379,893.48</u>	<u>10,363,689.42</u>	Reserve for Receivables and Other Assets	A	9,379,893.48	10,363,689.42
				Fund Balance	A-1	8,390,958.30	6,823,890.55
Deferred Charges:							
Special Emergency Authorization	10-A	720,000.00	1,080,000.00				
Emergency Appropriation	10-A	109,020.00					
				Federal and State Grant Fund:			
				Due To General Capital Fund	27-A	293,698.00	
				Appropriated Reserves	27-A	2,606,200.36	1,834,500.08
				Unappropriated Reserves	28-A	297,890.51	281,828.95
				Reserve for Encumbrances	29-A	133,658.02	78,560.77
						3,331,446.89	2,194,889.80
Federal and State Grant Fund:				Total Liabilities, Reserves and Fund Balance		<u>\$ 32,709,548.35</u>	<u>\$ 31,773,951.19</u>
Grants Receivable	25-A	3,325,732.65	2,068,159.71				
Due From Current Fund	26-A	5,714.24	126,730.09				
Total Assets		<u>\$ 32,709,548.35</u>	<u>\$ 31,773,951.19</u>				

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

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

Years ended December 31, 2009 and 2008

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 6,653,145.00	\$ 12,138,347.29
Miscellaneous Revenue Anticipated	A-2	15,769,699.70	13,724,420.07
Receipts From Delinquent Taxes	A-2,3-A	2,581,447.03	2,685,648.89
Receipts From Current Taxes	A-2,3-A	184,807,348.56	180,701,035.31
Non-Budget Revenues	A-2,1-A	6,983,892.16	2,662,258.63
Other Credits To Income:			
Prior Year Senior Citizen Deduction Allowed	2-A	2,500.00	750.00
Due From Trust Fund - Escrow Returned	1-A,9-A	241,619.95	
Unexpended Balance of Appropriation Reserves	11-A	497,816.74	421,065.14
Tax Overpayments Cancelled	15-A	47,667.76	
Reserve for Land Sale Deposits	24-A	400.00	
		<u>217,585,536.90</u>	<u>212,333,525.33</u>
Total Revenues			
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	28,728,052.11	29,649,355.40
Other Expenses	A-3	21,930,826.89	22,349,572.00
Deferred Charges and Statutory Expenditures	A-3	6,643,461.81	2,513,072.00
Budget Appropriations Excluded From "CAPS":			
Operations:			
Salaries and Wages	A-3	657,100.00	681,221.00
Other Expenses	A-3	2,210,785.84	4,680,325.97
Capital Improvements	A-3	624,698.00	609,000.00
Municipal Debt Service	A-3	10,625,734.09	10,434,316.52
Deferred Charges	A-3	360,000.00	360,000.00
Refund of Prior Year Revenue	1-A	403,159.26	23,205.14
Prior Year Senior Citizen Deduction Disallowed	2-A	39,148.57	48,930.78
Local School District Taxes Payable	8-A	92,496,425.00	89,233,947.00
Advanced School Taxes	A-1		390,731.00
Due From Trust Fund - Escrow	9-A	3,212.81	122,099.79
County Taxes Payable	16-A	40,062,255.69	39,804,464.53
Due County for Added and Omitted Taxes	16-A	139,442.03	188,447.47
Fire District Taxes Payable	17-A	4,063,243.00	4,012,750.00
Municipal Open Space Tax Payable	18-A	473,131.14	469,829.00
Grant Receivable Cancelled	19-A	13,667.91	
		<u>209,474,344.15</u>	<u>205,571,267.60</u>
Total Expenditures			
Excess in Revenue		8,111,192.75	6,762,257.73
Adjustment To Income Before Fund Balance:			
Expenditures Included Above Which Are By Statute Deferred Charges To Budgets of Succeeding Years	10-A	109,020.00	
Statutory Excess To Fund Balance		8,220,212.75	6,762,257.73
Fund Balance, January 1	A	6,823,890.55	12,199,980.11
Decreased By:		15,044,103.30	18,962,237.84
Utilized as Anticipated Revenue	A-2	6,653,145.00	12,138,347.29
Fund Balance, December 31	A	<u>\$ 8,390,958.30</u>	<u>\$ 6,823,890.55</u>

See accompanying notes.

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2009

	Reference	Anticipated Budget	Budget Amendments	Amount Realized	Excess/ (Deficit)
Surplus Anticipated	A-1	\$ 6,653,145.00		\$ 6,653,145.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	7-A	65,000.00		77,148.00	\$ 12,148.00
Other	7-A	105,000.00		111,688.13	6,688.13
Fees and Permits	7-A	260,000.00		365,640.06	105,640.06
Municipal Court:					
Fines and Costs	7-A	840,000.00		829,076.47	(10,923.53)
Interest and Costs on Taxes	7-A	480,000.00		511,989.47	31,989.47
Interest on Investments and Deposits	7-A	113,000.00		79,357.58	(33,642.42)
Beach Privileges	7-A	410,000.00		401,944.00	(8,056.00)
Consolidated Municipal Property Tax Relief Aid	7-A	1,407,117.00		1,407,117.00	
Energy Receipts Tax (P.L. 1997, Ch. 162 and 167)	7-A	5,364,805.00		5,364,805.00	
Garden State Preservation Trust Fund	7-A	1,140.00		1,140.50	0.50
Uniform Construction Code Enforcement:					
Fees and Permits	7-A	1,058,000.00		776,595.44	(281,404.56)
EMS Service Fees	7-A	1,110,000.00		1,082,782.72	(27,217.28)
Comcast - Franchise Tax	7-A	302,662.09		307,782.53	5,120.44
Reserve to Pay Debt Service	7-A	1,302,403.00		1,302,402.96	(0.04)
Reserve for Sale of Assets (Foreclosed Property)	7-A	208,257.00		208,257.00	
Local School District Tax Advanced	8-A	3,439,791.00		745,334.00	(2,694,457.00)
N.J. Transportation Trust Fund Authority Act	19-A,25-A	293,698.00		293,698.00	
Recycling Tonnage Grant	19-A,25-A	104,449.90		104,449.90	
Clean Communities Program	19-A,25-A	122,349.15		122,349.15	
Municipal Alliance on Alcoholism and Drug Abuse	19-A,25-A	48,000.00		48,000.00	
Safe and Secure Communities Program -					
P.L. 1994, Chapter 220	19-A,25-A	58,480.00		58,480.00	
Local Arts Block Grant	19-A,25-A	5,000.00		5,000.00	
Senior Citizens Grant	19-A,25-A	130,000.00		130,000.00	
Handicapped Recreation Opportunities Grant	19-A,25-A	20,000.00		20,000.00	
Neighborhood Preservation Program	19-A,25-A	100,000.00		100,000.00	
Safe Routes to School Grant	19-A,25-A	39,000.00		39,000.00	
Municipal Alcohol Ed. And Rehabilitation Grant	19-A,25-A		\$ 5,940.42	5,940.42	
Ocean County 2009 Tourism Advisory Grant	19-A,25-A		1,700.00	1,700.00	
COPS in Shops	19-A,25-A		13,000.00	13,000.00	
Drunk Driver-Over the Limit Under Arrest Grant	19-A,25-A		5,000.00	5,000.00	
U.S Dept. of Justice - Edward Byrne Memorial Grant	19-A,25-A		48,650.00	48,650.00	
Public Archives & Records Infrass Support (PARIS)	19-A,25-A		99,801.00	99,801.00	
Drunk Driving Enforcement	19-A,25-A		40,347.77	40,347.77	
Office of Emergency Management:					
RERP 966 Grant	19-A,25-A		16,115.60	16,115.60	
US Dept. of Energy - Office of Energy Efficiency					
ARRA Block Grant	19-A,25-A		695,800.00	695,800.00	
NJ DEP - Division of Parks & Forestry					
No Net Loss Reforestation Grant 2009	19-A,25-A		65,400.00	65,400.00	
Bulletproof Vest Partnership Grant	19-A,25-A		5,222.00	5,222.00	
NJ DOT - 2010 Municipal Aid Program - Roadway &					
Drainage Improvements - Laurelton Road	19-A,25-A		228,685.00	228,685.00	
Comprehensive Traffic Safety Grant	19-A,25-A	50,000.00		50,000.00	
Total Miscellaneous Revenues	A-1	17,438,152.14	1,225,661.79	15,769,699.70	(2,894,114.23)
Receipts From Delinquent Taxes	A-1,A-2	2,600,000.00		2,581,447.03	(18,552.97)
Subtotal General Revenues		20,038,152.14	1,225,661.79	18,351,146.73	(2,912,667.20)
Amount To Be Raised By Taxes for Support of Municipal Budget	A-2,3-A	48,960,127.00		51,491,020.46	2,530,893.46
Budget Totals		75,651,424.14	1,225,661.79	76,495,312.19	(381,773.74)
Non-Budget Revenues	A-1,A-2			6,983,892.16	6,983,892.16
	A-3	\$ 75,651,424.14	\$ 1,225,661.79	\$ 83,479,204.35	\$ 6,602,118.42

See accompanying notes.

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2009

Reference

Allocation of Current Tax Collections:		
Revenue From Collections	A-1,3-A	\$ 184,807,348.56
Allocated To School, County, Special District and Municipal Open Space	8-A,16-A,17-A,18-A	<u>138,382,502.86</u>
Balance for Support of Municipal Budget Appropriations		46,424,845.70
Appropriation "Reserve for Uncollected Taxes"	A-3	<u>5,066,174.76</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 51,491,020.46</u>
Receipts From Delinquent Taxes:		
Delinquent Tax Collections	3-A	\$ 2,567,948.26
Tax Title Lien Collections	4-A	<u>13,498.77</u>
	A-2	<u>\$ 2,581,447.03</u>
Fees and Permits:		
Township Clerk	7-A	\$ 132,444.60
Recreation Department	7-A	109,546.46
Non UCC Fees	7-A	<u>123,649.00</u>
	A-2	<u>\$ 365,640.06</u>

See accompanying notes.

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2009

Reference

Analysis of Non-Budget Revenues:

Miscellaneous Revenue Not Anticipated:

Rent - Civic	\$ 21,031.00
Rent - Tower	33,114.97
Police	46,366.75
Police Off Duty Administration	83,797.17
Scrap Metal	73,149.23
Insurance Reimbursements	19,523.56
In Lieu of Taxes	88,474.08
Garbage Cans - Collector	16,296.00
Water/Sewer - Inspection for BTMUA	1,200.00
Ocean County Recycling Revenue	73,883.12
Concession Revenue	41,575.00
Tax Collector Misc.	30,280.90
Refund of Prior Year Expenditure	30,951.09
Miscellaneous	37,393.38
Senior Citizen and Veterans Administration Fee	27,197.46
Brick Township Municipal Utilities Authority	1,702,570.00
Medicare Reimbursement	10,751.70
C.J.H.I.F. Dividend	89,641.30
Unspent F.S.A. Plans	11,099.52
Camp Osborn	12,425.00
OC Municipal Joint Insurance Fund	54,088.89
Property Searches	2,593.00
DPW Charges	2,157.04
State of N.J.- Drum Point Road	1,000,000.00
State of N.J. - Traders Cove	3,407,412.00
Sale of Municipal Property	<u>66,920.00</u>

A-1,1-A

\$ 6,983,892.16

See accompanying notes.



TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS  
Year ended December 31, 2009

	Original Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Expended	Reserved	Cancelled
General Appropriations Operations - Within "CAPS"	\$ 518,404.00		\$ 540,904.00	\$ 540,647.53	\$ 256.47		
GENERAL GOVERNMENT	11,295.00		11,295.00	8,879.94	2,415.06		
General Administration:							
Salaries and Wages	350,690.00		359,790.00	359,752.72	37.28		
Other Expenses	91,888.00		91,888.00	91,158.76	729.24		
Purchasing and Contracting:							
Salaries and Wages	348,392.00		364,979.51	364,858.48	121.03		
Other Expenses	162,200.00		162,200.00	130,874.72	31,325.28		
Human Resources:							
Mayor:							
Salaries and Wages	129,435.00		134,435.00	134,385.77	49.23		
Other Expenses	11,450.00		11,450.00	7,686.79	3,763.21		
Council:							
Salaries and Wages	57,000.00		72,390.01	72,389.95	0.06		
Other Expenses	78,275.00		78,275.00	73,267.83	5,007.17		
Municipal Clerk:							
Salaries and Wages	481,500.00		431,500.00	425,893.22	5,606.78		
Other Expenses	49,775.00		49,775.00	38,358.05	11,416.95		
Elections:							
Other Expenses	9,600.00		9,600.00	7,028.87	2,571.13		
Financial Administration:							
Salaries and Wages	312,960.00		313,022.50	312,607.97	414.53		
Other Expenses	97,650.00		97,650.00	72,688.80	24,961.20		
Audit Services:							
Other Expenses	45,000.00		45,000.00	45,000.00			
Computerized Data Processing:							
Salaries and Wages	223,560.00		189,560.00	188,540.52	1,019.48		
Other Expenses	143,200.00		143,200.00	137,914.00	5,286.00		
Tax Collector:							
Salaries and Wages	454,270.00		515,270.00	514,742.97	527.03		
Other Expenses	41,440.00		41,440.00	38,703.41	2,736.59		
Tax Assessor:							
Salaries and Wages	433,785.00		400,785.00	400,472.08	312.92		
Other Expenses	55,600.00		55,600.00	52,640.22	2,959.78		
Legal Services:							
Other Expenses	325,000.00		460,000.00	417,055.45	42,944.55		
Engineering:							
Salaries and Wages	202,314.00		236,147.33	229,261.03	6,886.30		
Other Expenses	102,950.00		102,950.00	102,458.54	491.46		
Economic Development:							
Salaries and Wages	61,225.00		63,125.00	63,046.78	78.22		
Other Expenses	100.00		100.00	26.00	74.00		
Historic Preservation Committee:							
Salaries and Wages	2,020.00		1,520.00	1,388.53	131.47		

See accompanying notes.

TOWNSHIP OF BRICK  
 COUNTY OF OCEAN, NEW JERSEY  
 CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS  
 Year ended December 31, 2009

	Original Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Expended	Reserved	Cancelled
General Appropriations Operations - Within "CAPS"							
LAND USE ADMINISTRATION							
Planning Board:							
Salaries and Wages	85,500.00		87,300.00	87,114.29		185.71	
Other Expenses	8,955.00		8,955.00	6,047.38		2,907.62	
Land Use:							
Salaries and Wages	339,696.00		351,696.00	351,660.44		35.56	
Other Expenses	6,300.00		6,300.00	2,976.74		3,323.26	
Shade Tree Commission:							
Salaries and Wages	2,020.00		2,037.00	2,036.76		0.24	
Other Expenses	300.00		300.00	210.00		90.00	
Zoning Board of Adjustment:							
Salaries and Wages	91,420.00		91,345.00	91,327.19		17.81	
Other Expenses	11,250.00		11,250.00	6,801.14		4,448.86	
Affordable Housing Agency:							
Salaries and Wages	26,120.00		28,120.00	28,120.00			
Other Expenses	22,500.00		22,500.00	12,402.54		10,097.46	
CODE ENFORCEMENT AND ADMINISTRATION							
Municipal Code Enforcement:							
Salaries and Wages	231,020.00		236,770.00	236,693.65		76.35	
Other Expenses	600.00		600.00	456.18		143.82	
INSURANCE							
Liability Insurance:							
Other Expenses	953,000.00		955,000.00	954,096.48		903.52	
Workers Compensation Insurance:							
Other Expenses	1,099,862.00		1,099,862.00	1,099,861.84		0.16	
Employee Group Insurance:							
Other Expenses	9,081,700.00		9,001,213.89	8,990,969.22		10,244.67	
PUBLIC SAFETY							
Police Department:							
Salaries and Wages	13,699,561.00		14,418,908.00	13,993,980.84		424,927.16	
Other Expenses	365,820.00		365,820.00	311,598.39		54,220.61	
Crossing Guards:							
Salaries and Wages	275,600.00		272,600.00	272,564.95		35.05	
Other Expenses	9,000.00		9,000.00	9,000.00			
Explorers:							
Other Expenses	1,000.00		1,000.00			1,000.00	
Police Dispatch/911:							
Salaries and Wages	1,080,235.00		1,219,735.00	1,219,549.21		185.79	
Other Expenses	1,500.00		1,500.00	1,373.00		127.00	
Special Police:							
Salaries and Wages	103,000.00		82,000.00	80,804.56		1,195.44	
Other Expenses	10,000.00		10,000.00	6,325.00		3,675.00	
Office of Emergency Management:							
Salaries and Wages	110,220.00		106,220.00	105,462.09		757.91	
Municipal Prosecutor's Office:							
Salaries and Wages	71,840.00		74,940.00	74,929.36		10.64	

See accompanying notes.

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS  
 Year ended December 31, 2009

	Original Budget	Emergency Appropriation	Budget After Modification	Expended		Cancelled
				Paid or Charged	Reserved	
General Appropriations Operations - Within "CAPS"						
<b>PUBLIC WORKS</b>						
Streets and Road Maintenance:						
Other Expenses	145,500.00		90,450.00	77,758.13	12,691.87	
Bus Transportation:						
Other Expenses	100,000.00		127,000.00	112,102.52	14,897.48	
Solid Waste Collection:						
Salaries and Wages	3,376,812.00		3,686,827.76	3,677,266.59	9,561.17	
Other Expenses	43,550.00		53,550.00	53,527.47	22.53	
Building and Grounds:						
Salaries and Wages	389,984.00		358,234.00	358,171.85	62.15	
Other Expenses	448,850.00		468,850.00	454,831.09	14,018.91	
Vehicle Maintenance:						
Salaries and Wages	815,007.00		819,007.00	818,872.83	134.17	
Other Expenses	717,450.00		717,450.00	700,836.07	16,613.93	
Community Services Act	160,000.00		160,000.00	2,985.30	157,014.70	
<b>HEALTH AND HUMAN SERVICES</b>						
Brick - MAC:						
Salaries and Wages	43,050.00		34,050.00	33,629.45	420.55	
Environmental Commission:						
Salaries and Wages	2,158.00		2,158.00	2,158.00		
Other Expenses	430.00		430.00	63.00	367.00	
Animal Control Services:						
Other Expenses	170,000.00		170,000.00	168,296.22	1,703.78	
<b>PARKS AND RECREATION</b>						
Recreation Services and Programs:						
Salaries and Wages	614,614.00		536,614.00	536,324.61	289.39	
Other Expenses	52,200.00		52,200.00	41,538.78	10,661.22	
Maintenance of Parks:						
Salaries and Wages	851,629.00		897,529.00	897,449.07	79.93	
Other Expenses	110,700.00		110,700.00	79,550.31	31,149.69	
Beach and Boardwalk Operations:						
Salaries and Wages	353,000.00		353,000.00	353,000.00	1,410.93	
Other Expenses	27,450.00		27,450.00	26,039.07		
Senior Citizens:						
Salaries and Wages	119,952.00		131,952.00	131,425.25	526.75	
Other Expenses	57,851.00		57,851.00	53,556.18	4,294.82	
<b>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS</b>						
OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4.17):						
Salaries and Wages	454,873.00		456,223.00	456,197.64	25.36	
Other Expenses	708,600.00		648,600.00	573,059.75	75,540.25	

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2009

	Original Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Expended	Reserved	Cancelled
General Appropriations							
Operations - Within "CAPS"							
UTILITY EXPENSES AND BULK PURCHASES							
Street Lighting	900,000.00		900,000.00	813,264.62	86,735.38		
Telephone	330,000.00		340,000.00	326,981.01	13,018.99		
Water	75,000.00		75,000.00	53,404.12	21,595.88		
Gas	100,000.00		130,000.00	90,678.63	39,321.37		
Telecommunications Costs	95,000.00		136,000.00	135,026.10	973.90		
Gasoline	950,000.00		825,400.00	669,078.19	156,321.81		
Electricity	642,000.00		642,000.00	592,265.41	49,734.59		
Solid Waste Disposal Costs	3,894,267.00		3,329,767.00	3,131,912.90	197,854.10		
Provision for Salary and Personnel Adjustments	500,000.00						
Accumulated Leave Compensation	100,000.00						
Municipal Court:							
Salaries and Wages	766,163.00		801,163.00	800,288.37	874.63		
Other Expenses	14,405.00		14,405.00	14,150.87	254.13		
Public Defender:							
Salaries and Wages	54,495.00		56,195.00	56,189.00	6.00		
Total Operations - Within "CAPS"	50,673,987.00		50,658,879.00	49,069,969.58	1,588,909.42		
Detail:							
Salaries and Wages	28,033,524.00		28,728,052.11	28,273,203.55	454,848.56		
Other Expenses	22,640,463.00		21,930,826.89	20,796,766.03	1,134,060.86		
Deferred Charges and Statutory Expenditures -							
Municipal - Within "CAPS"							
DEFERRED CHARGES							
Prior Years Bills:							
Major Medical Reimbursement-Francis Smith	3,386.00		3,386.00	3,386.00			
Major Medical Reimbursement-George Hogrefe	200.00		200.00	200.00			
Major Medical Reimbursement-Gary Wood	10.08		10.08	10.08			
Major Medical Reimbursement-Richard Nelson Sr.	200.00		200.00	200.00			
Major Medical Reimbursement-Richard Nelson Jr.	100.00		100.00	100.00			
Meridian-Medical Testing Services	145.00		145.00	145.00			
Brick Gardens Realty	17,250.48		17,250.48	17,250.48			
Top Hat Uniform	93.65		93.65	93.65			
Verizon-Special Computer Search	300.00		300.00	300.00			
Police Prescription Reimbursements	1,583.79		1,583.79	4.60			
STATUTORY EXPENDITURES							
Contributions To:							
PERS P.L. 2003, c. 108	1,340,266.00		1,340,266.00	1,340,266.00			
Police and Firemen's Retirement System	2,868,528.00		2,868,528.00	2,868,528.00			
Social Security System (O.A.S.I.)	2,326,400.00		2,295,358.00	2,289,726.03		5,631.97	
Unemployment Compensation		109,020.00	109,020.00	19,020.00		90,000.00	
Defined Contribution Retirement Program	7,500.00		8,600.00	8,478.61		121.39	
Total Deferred Charges and Statutory Expenditures -							
Municipal - Within "CAPS"	6,565,963.00		6,645,041.00	6,547,708.45		95,753.36	1,579.19
Total General Appropriations - Within "CAPS"	57,239,950.00		57,303,920.00	55,617,678.03		1,684,662.78	1,579.19

See accompanying notes.

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS  
Year ended December 31, 2009

	Original Budget	Emergency Appropriation	Budget After Modification	Paid or Charged	Expended	Reserved	Cancelled
General Appropriations	93,783.00		93,783.00	92,376.00		1,407.00	
Operations - Excluded From "CAPS"							
Recycling Tax							
ADDITIONAL APPROPRIATIONS OFFSET BY REVENUES							
Supplemental Fire District Payments	657,100.00		657,100.00	618,959.36		38,140.64	
EMT Service:	180,250.00		180,250.00	152,749.55		27,500.45	
Salaries and Wages							
Other Expenses							
Supplemental Fire District Payments	33,812.00		33,812.00	33,812.00			
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES							
Municipal Alliance Grant	48,000.00		48,000.00	48,000.00			
Safe and Secure Communities Program	58,480.00		58,480.00	58,480.00			
Senior Citizens Grant	130,000.00		130,000.00	130,000.00			
Clean Communities Program	122,349.15		122,349.15	122,349.15			
Handicapped Recreation Grant	20,000.00		20,000.00	20,000.00			
Drunk Driving Enforcement	40,347.77		40,347.77	40,347.77			
Recycling Tonnage Grant	104,449.90		104,449.90	104,449.90			
Local Arts Block Grant	5,000.00		5,000.00	5,000.00			
COPS in Shops	13,000.00		13,000.00	13,000.00			
Comp. Traffic Safety	50,000.00		50,000.00	50,000.00			
ARRA Block Grant	695,800.00		695,800.00	695,800.00			
Bulletproof Vest Partnership Grant	5,222.00		5,222.00	5,222.00			
U.S. Dept. of Justice-Ed Byrne Memorial Grant	48,650.00		48,650.00	48,650.00			
Drunk Driver-Over the Limit Under Arrest Grant	5,000.00		5,000.00	5,000.00			
Alcohol Ed. And Rehabilitation Grant	5,940.42		5,940.42	5,940.42			
Safe Routes to School Grant	39,000.00		39,000.00	39,000.00			
Alcohol Education and Rehabilitation Fund	1,700.00		1,700.00	1,700.00			
RRP 966 Grant	16,115.60		16,115.60	16,115.60			
No Net Loss Reforestation Grant 2009	65,400.00		65,400.00	65,400.00			
Neighborhood Housing Rehab	100,000.00		100,000.00	100,000.00			
Roadway & Drainage Imp. - Laurellon Road	228,685.00		228,685.00	228,685.00			
PARIS Records Management Grant	99,801.00		99,801.00	99,801.00			
Total Operations - Excluded From "CAPS"	2,867,885.84		2,867,885.84	2,800,837.75		67,048.09	
Detail:							
Salaries and Wages	657,100.00		657,100.00	618,959.36		38,140.64	
Other Expenses	2,210,785.84		2,210,785.84	2,181,878.39		28,907.45	
Capital Improvements - Excluded From "CAPS"							
Capital Improvement Fund	331,000.00		331,000.00	331,000.00			
NJ DOT - Normandy Beach	293,698.00		293,698.00	293,698.00			
Total Capital Improvements - Excluded From "CAPS"	624,698.00		624,698.00	624,698.00			

See accompanying notes.

STATEMENT OF EXPENDITURES - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2009

	Original Budget	Emergency Appropriation	Budget After Modification	Expended		Cancelled
				Paid or Charged	Reserved	
General Appropriations						
Operations - Excluded From "CAPS"						
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Principal	4,876,000.00		4,876,000.00	4,876,000.00		31,243.00
Payment of Bond Anticipation Notes and Capital Notes	368,038.00		368,038.00	336,795.00		0.86
Interest on Bonds	2,115,286.00		2,115,286.00	2,115,285.14		1.76
Interest on Notes	1,034,314.00		1,079,364.00	1,079,362.24		
Green Trust Loan Program:						
Loan Repayments for Principal and Interest	110,200.00		110,200.00	3,752.40		106,447.60
Special Emergency Note Interest	26,925.00		26,925.00	26,925.00		
Capital Lease Obligations Approved Prior to 7/12/07:						
Principal	1,967,876.26		1,967,876.26	1,967,876.26		0.02
Interest on Notes	219,738.07		219,738.07	219,738.05		
Total Municipal Debt Service - Excluded From "CAPS"	10,718,377.33		10,763,427.33	10,625,734.09		137,693.24
Deferred Charges - Excluded From "CAPS"						
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)	360,000.00		360,000.00	360,000.00		
Total Deferred Charges - Excluded From "CAPS"	360,000.00		360,000.00	360,000.00		
Subtotal General Appropriations	71,810,911.17	109,020.00	71,919,931.17	70,028,947.87	1,751,710.87	139,272.43
Reserve for Uncollected Taxes	5,066,174.76		5,066,174.76	5,066,174.76		
Total General Appropriations	\$ 76,877,085.93	\$ 109,020.00	\$ 76,986,105.93	\$ 75,095,122.63	\$ 1,751,710.87	\$ 139,272.43
Reference		10-A			A	A-3
Budget As Adopted			\$ 75,651,424.14			
Emergency Appropriations			109,020.00			
Added By N.J.S. 40A:4-87			1,225,661.79			
			\$ 76,986,105.93			
Cash Disbursements				\$ 65,824,753.12		
Interfunds:						
Federal and State Grant Fund				2,196,638.84		
General Capital Fund				667,795.00		
Deferred Charges - Special Emergency				360,000.00		
Reserve for:						
Encumbrances				979,760.91		
Uncollected Taxes				5,066,174.76		
				\$ 75,095,122.63		

TRUST FUND  
EXHIBIT

TOWNSHIP OF BRICK  
 COUNTY OF OCEAN, NEW JERSEY  
 TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2009 and 2008

<u>Assets</u>	<u>Reference</u>	<u>2009</u>	<u>2008</u>	<u>Liabilities and Reserves</u>	<u>Reference</u>	<u>2009</u>	<u>2008</u>
Animal Control Trust Fund:				Animal Control Trust Fund:			
Cash	1-B	\$ 25,771.26	\$ 40,525.90	Due To State of New Jersey	5-B	\$ 15.60	\$ 24.00
				Prepaid License Fees	6-B	25,755.66	20,681.32
				Reserve for Animal Control Trust Fund	2-B		19,820.58
							40,525.90
Trust - Other Fund:				Trust - Other Fund:			
Cash	1-B	5,712,532.79	8,525,408.52	Due To:			
Community Development				Current Fund	7-B		201,421.41
Block Grant Receivable	3-B	295,512.14	278,340.28	General Capital Fund	8-B		20,000.00
Due From Current Fund	7-B	42,954.93		Reserve for Community Development			
				Block Grant Expenditures	9-B	299,919.94	274,855.38
				Various Reserves	10-B	5,751,079.92	8,307,472.01
						6,050,999.86	8,803,748.80
Open Space Trust Fund:				Open Space Trust Fund:			
Cash	1-B	63,513.23	45,850.34	Reserve for Open Space			
Due From Current Fund	4-B	3,656.91	17,538.68	Expenditures	11-B	67,170.14	63,389.02
				Total Liabilities and Reserves		\$ 6,143,941.26	\$ 8,907,663.72
Total Assets		\$ 6,143,941.26	\$ 8,907,663.72				

See accompanying notes.



GENERAL CAPITAL FUND  
EXHIBITS

TOWNSHIP OF BRICK  
 COUNTY OF OCEAN, NEW JERSEY  
 GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

December 31, 2009 and 2008

Assets	Reference	2009	2008	Liabilities, Reserves and Fund Balance	Reference	2009	2008
Cash		\$ 238,073.49	\$ 238,073.49	General Serial Bonds	7-C	\$ 80,541,000.00	\$ 50,936,000.00
Deferred Charges To Future Taxation:				Bond Anticipation Notes	8-C	5,615,135.00	34,818,738.00
Funded	1-C			Green Trust Loan Payable	9-C	3,008,885.32	2,459,482.96
Unfunded	5-C	84,484,958.41	55,253,458.22	NJ Environmental Infrastructure	10-C	1,735,072.89	1,857,975.26
Due From:	6-C	15,237,504.91	43,770,537.91	Trust Loan Payable	11-C	524.20	302.20
Current Fund	3-C	5,918,059.19	6,846,363.71	Capital Improvement Fund			
Grant Fund	12-C	293,698.00		Improvement Authorizations:			
Trust - Other Fund	4-C			Funded	12-C	1,637,903.27	748,057.21
Morris County Improvement Authority	15-C	19,550.22		Unfunded	12-C	10,267,815.71	13,118,358.19
Total Assets		\$ 106,191,844.22	\$ 107,869,374.58	Reserve for:			
				Encumbrances	13-C	2,025,672.89	1,722,700.42
				Conservation and Recreation	14-C	0.66	0.66
				Bond Payment	14-C		1,302,402.96
				Morris County Capital Lease	C,3-C		4,808.91
				Fund Balance	C-1	1,359,834.08	900,547.81
				Total Liabilities, Reserves and Fund Balance		\$ 106,191,844.22	\$ 107,869,374.58

See accompanying notes.

TOWNSHIP OF BRICK  
 COUNTY OF OCEAN, NEW JERSEY

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2009

	<u>Reference</u>		
Balance, December 31, 2008	C		\$ 900,547.81
Increased By:			
Premium on Notes	3-C	\$ 176,608.22	
Premium on Bonds Issued	3-C	151.55	
Improvement Authorizations Cancelled	12-C	<u>302,526.50</u>	
			<u>479,286.27</u>
			1,379,834.08
Decreased By:			
Due From Trust - Other Fund	4-C		<u>20,000.00</u>
Balance, December 31, 2009	C		<u>\$ 1,359,834.08</u>

See accompanying notes.

GENERAL FIXED ASSETS ACCOUNT GROUP  
EXHIBIT

TOWNSHIP OF BRICK  
 COUNTY OF OCEAN, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

Year ended December 31, 2009

<u>Assets</u>	<u>Reference</u>	<u>2009</u>	<u>2008</u>	<u>Liabilities</u>	<u>Reference</u>	<u>2009</u>	<u>2008</u>
Land	1-D	\$ 29,788,084.72	\$ 29,651,684.72				
Buildings and Improvements	1-D	17,903,180.49	17,903,180.49				
Furniture, Fixtures and Equipment	1-D	19,922,018.07	18,135,414.28				
Construction in Progress	1-D	669,358.62		Investment in General Fixed Assets	1-D	\$ 68,282,641.90	\$ 65,690,279.49
Total Assets		\$ 68,282,641.90	\$ 65,690,279.49	Total Liabilities		\$ 68,282,641.90	\$ 65,690,279.49

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies

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

B. Description of Funds

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

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

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

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

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO 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.

General Fixed Assets Account Group - The Township has complied with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services. Technical Accounting Directive No. 85-2 utilizes the following accounting policies:

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 BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO 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 BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO 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 BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO 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 BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans

Public Employees' Retirement System/Police and Firemen's Retirement System

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2009	\$ 1,340,266.00	\$ 2,868,528.00
2008	955,557.60	2,484,519.00
2007	526,948.20	1,713,839.20

Defined Contribution Retirement Program

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

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

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

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans (continued)

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

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

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

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

During the year 2009, there were 6 officials or employees enrolled in the DCRP.

K. Deposits and Investments

Deposits

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

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

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

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

K. Deposits and Investments (continued)

Deposits (continued)

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

The carrying amount of the Township's cash and cash equivalents at December 31, 2009 was \$25,171,976.97 and the bank balance was \$25,991,450.31. Of the bank balance, \$250,000.00 was covered by federal depository insurance, \$219,841.79 was on deposit with MBIA Municipal Investors Services Corporation, and the remaining \$25,521,608.52 was covered under the unit certificate of eligibility as required by New Jersey statutes. The deposit with MBIA Municipal Investors Services is available for withdrawal upon notice given by 11:00 am EST on each business day and is accordingly classified as a cash equivalent.

<u>Depository Account</u>	<u>Bank Balance 2009</u>	<u>Bank Balance 2008</u>
Insured:		
FDIC	\$ 250,000.00	\$ 1,250,000.00
Collateralized:		
GUDPA	<u>25,521,608.52</u>	<u>25,777,177.61</u>
Total Deposits	<u>\$25,771,608.52</u>	<u>\$27,027,177.61</u>

Municipal Investors Services Corporation

All investments in the Fund are governed by the regulations of the Investment Council which prescribes standards designed to insure the quality of investments and to minimize the risks related to investments. To date, the Fund has never defaulted on principal or interest on any short term security held by its participants. Further, a reserve is being accumulated as additional protection for other than State participants. Finally, the Council monitors eligible securities on a regular basis. As of December 31, 2009, the Township had \$219,841.79 on deposit with Municipal Investors Services Corporation ("MBIA"). The MBIA is a local investment pool which invests in repurchase agreements collateralized by U.S. Securities, U.S. Government Agency Discount Notes, and U.S. Government Agency Securities. The deposit with MBIA is available for withdrawal upon notice given by 11:00 am EST on each business day and is accordingly classified as a cash equivalent.

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

K. Deposits and Investments (continued)

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

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

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

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

K. Deposits and Investments (continued)

Investments (continued)

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

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

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

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



TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

1. Summary of Significant Accounting Policies (continued)

K. Deposits and Investments (continued)

Investments (continued)

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

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

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.

L. Inventories of Supplies

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

M. Compensated Absences

The Township records expenditures for earned but unused vacation and sick leave in the accounting period that the payments are made to the employees pursuant to established personnel policy procedures. GAAP requires that expenditures be recorded in the Governmental (Current) Fund in an amount that would normally be liquidated with available financial resources.

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

2. Interfund Balances and Activity

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

Due to Trust – Other Fund from Current Fund representing cash advance	\$ 46,167.74
Due to Trust – Other Fund from Current Fund representing open space monies not paid over	3,656.91
Due to General Capital Fund from Current Fund representing cash advance	5,918,059.19
Due to General Capital Fund from Grant Fund representing cash advance	293,698.00
Due to Grant Fund from Current Fund representing cash advance	5,714.24
Due to Current Fund from Trust Fund – Escrow representing cash advance	3,212.81

3. Taxes Receivable

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>
	\$ 2,511,614.34	\$ 42,952.21	\$ 737,035.17	\$ 3,291,601.72

In 2009, the Township collected \$2,581,447.03 from Delinquent Taxes, which represented 78.98% of the Delinquent Tax Receivable at December 31, 2008.

<u>2008</u>	<u>Current</u>	<u>Delinquent</u>	<u>Liens</u>	<u>Total</u>
	\$ 2,514,719.65	\$ 59,859.04	\$ 644,046.03	\$ 3,218,624.72

In 2008, the Township collected \$2,685,648.89 from Delinquent Taxes, which represented 82.48% of the Delinquent Tax Receivable at December 31, 2007.

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

4. Fixed Assets

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

<u>2009</u>	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2009</u>
Land	\$ 29,651,684.72	\$ 164,100.00	\$ 27,700.00	\$ 29,788,084.72
Buildings and Improvements	17,903,180.49			17,903,180.49
Furniture, Fixtures and Equipment	18,135,414.28	1,786,603.79		19,922,018.07
Construction in Progress	<u>                                </u>	<u>669,358.62</u>	<u>                                </u>	<u>669,358.62</u>
Total	<u>\$ 65,690,279.49</u>	<u>\$ 2,620,062.41</u>	<u>\$ 27,700.00</u>	<u>\$ 68,282,641.90</u>

<u>2008</u>	Balance, December 31, <u>2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2008</u>
Land	\$ 29,651,684.72			\$ 29,651,684.72
Buildings and Improvements	17,903,180.49			17,903,180.49
Furniture, Fixtures and Equipment	<u>16,560,102.06</u>	<u>\$ 1,648,812.22</u>	<u>\$ 73,500.00</u>	<u>18,135,414.28</u>
Total	<u>\$ 64,114,967.27</u>	<u>\$ 1,648,812.22</u>	<u>\$ 73,500.00</u>	<u>\$ 65,690,279.49</u>

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt

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, Loans and Notes	\$ 90,900,093.41	\$ 90,072,196.22	\$ 84,300,524.93
Less:			
Excess Financing - Green Trust Loan	<u>800,000.00</u>	<u>1,302,402.96</u>	<u>569,093.01</u>
Total Issued	<u>90,100,093.41</u>	<u>88,769,793.26</u>	<u>83,731,431.92</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>9,622,369.91</u>	<u>8,951,799.91</u>	<u>11,605,844.91</u>
Total Authorized But Not Issued	<u>9,622,369.91</u>	<u>8,951,799.91</u>	<u>11,605,844.91</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 99,722,463.32</u>	<u>\$ 97,721,593.17</u>	<u>\$ 95,337,276.83</u>

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.78%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 25,021,349.19	\$ 25,021,349.19	
General Debt	<u>100,522,463.32</u>	<u>800,000.00</u>	<u>\$ 99,722,463.32</u>
	<u>\$ 125,543,812.51</u>	<u>\$ 25,821,349.19</u>	<u>\$ 99,722,463.32</u>

Net Debt \$99,722,463.32 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$12,812,187,890.00 = 0.78%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 448,426,576.15
Less: Net Debt	<u>99,722,463.32</u>
Remaining Borrowing Power	<u>\$ 348,704,112.83</u>

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt (continued)

Lease/Purchase Agreements

The Township has entered into a lease/purchase agreement with the Morris County Improvement Authority for various equipment. The Township adopted an ordinance on April 12, 2005, entering into a capital equipment lease with the Morris County Improvement Authority. The amount of the lease was \$3,960,000.00, with an interest rate of 5.00%, and the final payment to be made on September 1, 2010. During the year ended December 31, 2009, the Township made lease payments in the amount of \$929,250.00. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at December 31, 2009:

<u>Year</u>	<u>Total Minimum Lease Payments</u>	<u>Amount Representing Interest</u>	<u>Present Value of Future Minimum Lease Payment</u>
2010	<u>\$ 929,250.00</u>	<u>\$ 44,250.00</u>	<u>\$ 885,000.00</u>

The Township has entered into a lease/purchase agreement with Morris County Improvement Authority for a salt shed. The Township adopted an ordinance on August 8, 2006, entering into a capital equipment lease with the Morris County Improvement Authority. The amount of the lease was \$130,650.00, with an interest rate of 4.34%, and the final payment to be made on August 15, 2016. During the year ended December 31, 2009, the Township made lease payments in the amount of \$16,994.66. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at December 31, 2009:

<u>Year</u>	<u>Total Minimum Lease Payments</u>	<u>Amount Representing Interest</u>	<u>Present Value of Future Minimum Lease Payment</u>
2010	\$ 16,726.36	\$ 4,094.40	\$ 12,631.96
2011	16,452.25	3,546.18	12,906.07
2012	16,172.19	2,986.06	13,186.13
2013	15,886.05	2,413.78	13,472.27
2014	15,593.70	1,829.08	13,764.62
2015	15,295.01	1,231.70	14,063.31
2016	<u>14,938.19</u>	<u>621.36</u>	<u>14,316.83</u>
	<u>\$ 111,063.75</u>	<u>\$ 16,722.56</u>	<u>\$ 94,341.19</u>

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt (continued)

Lease/Purchase Agreements (continued)

The Township has entered into a lease/purchase agreement with Morris County Improvement Authority for police cruisers. The Township adopted an ordinance on August 8, 2006, entering into a capital equipment lease with the Morris County Improvement Authority. The amount of the lease was \$402,000.00, with an interest rate of 4.23%, and the final payment was made on August 15, 2009. During the year ended December 31, 2009, the Township made lease payments in the amount of \$142,601.36.

The Township has entered into a lease/purchase agreement with Morris County Improvement Authority for maintenance equipment. The Township adopted an ordinance on August 8, 2006, entering into a capital equipment lease with the Morris County Improvement Authority. The amount of the lease was \$2,846,662.50, with an interest rate of 4.23%, and the final payment to be made on August 15, 2011. During the year ended December 31, 2009, the Township made lease payments in the amount of \$642,837.99. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at December 31, 2009:

<u>Year</u>	<u>Total Minimum Lease Payments</u>	<u>Amount Representing Interest</u>	<u>Present Value of Future Minimum Lease Payment</u>
2010	\$ 630,801.88	\$ 49,682.58	\$ 581,119.30
2011	<u>618,511.21</u>	<u>25,101.24</u>	<u>593,409.97</u>
	<u>\$ 1,249,313.09</u>	<u>\$ 74,783.82</u>	<u>\$ 1,174,529.27</u>

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt (continued)

Lease/Purchase Agreements (continued)

The Township has entered into a lease/purchase agreement with the Morris County Improvement Authority for police cruisers. The Township adopted an ordinance on March 13, 2007, entering into a capital equipment lease with the Morris County Improvement Authority. The amount of the lease was \$402,000.00, with an interest rate of 4.10%, and the final payment to be made on February 15, 2010. During the year ended December 31, 2009, the Township made lease payments in the amount of \$142,334.09. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at December 31, 2009:

<u>Year</u>	<u>Total Minimum Lease Payments</u>	<u>Amount Representing Interest</u>	<u>Present Value of Future Minimum Lease Payment</u>
2010	<u>\$ 139,531.16</u>	<u>\$ 2,802.93</u>	<u>\$ 136,728.23</u>

The Township has entered into a lease/purchase agreement with the Morris County Improvement Authority for maintenance equipment. The Township adopted an ordinance on March 13, 2007, entering into a capital equipment lease with the Morris County improvement Authority. The amount of the lease was \$1,407,000.00, with an interest rate of 4.10%, and the final payment to be made on February 15, 2012. During the year ended December 31, 2009, the Township made lease payments in the amount of \$316,596.21. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at December 31, 2009:

<u>Year</u>	<u>Total Minimum Lease Payments</u>	<u>Amount Representing Interest</u>	<u>Present Value of Future Minimum Lease Payment</u>
2010	\$ 310,829.88	\$ 29,545.73	\$ 281,284.15
2011	304,945.35	17,894.87	287,050.48
2012	<u>298,940.18</u>	<u>6,005.17</u>	<u>292,935.01</u>
	<u>\$ 914,715.41</u>	<u>\$ 53,445.77</u>	<u>\$ 861,269.64</u>



TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt (continued)

Lease/Purchase Agreements (continued)

The Township has entered into a lease/purchase agreement with the Morris County Improvement Authority for 10 Police Cruisers. The Township adopted an ordinance on June 9, 2009, entering into a capital equipment lease with the Morris County Improvement Authority. The amount of the lease was \$215,703.60, with an interest rate of 2.74%, and the final payment to be made August 15, 2012. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at December 31, 2009:

<u>Year</u>	<u>Total Minimum Lease Payments</u>	<u>Amount Representing Interest</u>	<u>Present Value of Future Minimum Lease Payment</u>
2010	\$ 71,901.20	\$ 6,599.60	\$ 65,301.60
2011	71,901.20	3,345.26	68,555.94
2012	<u>71,901.20</u>	<u>1,452.29</u>	<u>70,448.91</u>
	<u>\$ 215,703.60</u>	<u>\$ 11,397.15</u>	<u>\$ 204,306.45</u>

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt (continued)

As of December 31, 2009, the Township's long-term debt is as follows:

General Serial Bonds

\$14,899,000.00 1998 Bonds due in annual installments of \$1,150,000.00 through 2012 at interest rates ranging from 4.625% to 4.750%	\$ 3,450,000.00
\$14,977,000.00 2000 Bonds due in a final installment of \$1,075,000.00 at an interest rate of 5.40%	1,075,000.00
\$14,666,000.00 2001 Bonds due in annual installments of \$994,000.00 to \$1,322,000.00 through 2016 at interest rates ranging from 4.625% to 4.750%	8,041,000.00
\$4,650,000.00 2003 Pension Refunding Bonds due in annual installments of \$95,000.00 to \$640,000.00 through 2023 at interest rates ranging from 4.60% to 5.60%	4,445,000.00
\$9,505,000.00 2004A General Improvement Bonds due in annual installments of \$950,000.00 to \$1,070,000.00 through 2014 at interest rates ranging from 3.000% to 3.375%	5,040,000.00
\$19,044,000.00 2004B General Improvement Bonds due in annual installments of \$745,000.00 to \$1,549,000.00 through 2025 at interest rates ranging from 3.500% to 4.300%	17,659,000.00
\$6,385,000.00 2008 Refunding Bonds due in annual installments of \$40,000.00 to \$1,385,000.00 through 2015 at interest rates ranging from 2.40% to 5.00%	6,350,000.00
\$32,881,000.00 2009A General Improvement Bonds due in annual installments of \$1,201,000.00 to \$2,400,000.00 through 2028 at interest rates ranging from 2.00% to 4.00%	32,881,000.00
\$1,600,000.00 2009B General Improvement Bonds due in annual installments of \$60,000.00 to \$120,000.00 through 2029 at interest rates ranging from 4.00% to 5.30%	<u>1,600,000.00</u>
	<u>\$ 80,541,000.00</u>

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt (continued)

Annual debt service for principal and interest for bonded debt issued and outstanding are as follows:

Year	<u>General Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 6,310,000.00	\$ 3,038,243.36	\$ 9,348,243.36
2011	6,590,000.00	2,869,535.76	9,459,535.76
2012	6,794,000.00	2,629,072.64	9,423,072.64
2013	5,896,000.00	2,392,553.89	8,288,553.89
2014	6,162,000.00	2,166,193.26	8,328,193.26
2015	5,353,000.00	1,941,138.26	7,294,138.26
2016	4,157,000.00	1,748,013.26	5,905,013.26
2017	2,990,000.00	1,614,155.76	4,604,155.76
2018	3,140,000.00	1,501,060.76	4,641,060.76
2019	3,315,000.00	1,381,155.76	4,696,155.76
2020	3,485,000.00	1,249,700.76	4,734,700.76
2021	3,680,000.00	1,106,528.26	4,786,528.26
2022	3,870,000.00	948,933.26	4,818,933.26
2023	4,085,000.00	782,488.26	4,867,488.26
2024	3,610,000.00	604,435.76	4,214,435.76
2025	3,759,000.00	455,385.76	4,214,385.76
2026	2,305,000.00	299,310.00	2,604,310.00
2027	2,405,000.00	205,910.00	2,610,910.00
2028	2,515,000.00	108,397.50	2,623,397.50
2029	<u>120,000.00</u>	<u>6,360.00</u>	<u>126,360.00</u>
<b>Total</b>	<b><u>\$ 80,541,000.00</u></b>	<b><u>\$ 27,048,572.27</u></b>	<b><u>\$ 107,589,572.27</u></b>

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt (continued)

Green Trust Loans

As of December 31, 2009, the Township's Green Trust Loans are as follows:

\$297,166.82 1996 loan due in semi-annual principal and interest installments of \$10,104.76 through 2016 at an interest rate of 2%	\$ 122,608.61
\$178,856.56 1997 loan due in semi-annual principal and interest installments of \$5,680.62 through 2017 at an interest rate of 2%	83,606.72
\$297,117.21 loan due in semi-annual principal and interest installments of \$9,237.85 through 2020 at an interest rate of 2%	181,619.60
\$1,725,000.00 2001 loan due in semi-annual principal and interest installments of \$64,990.63 through 2016 at an interest rate of 2%	845,118.92
\$194,500.00 2001 loan due in semi-annual principal and interest installments of \$6,047.32 through 2021 at an interest rate of 2%	123,702.78
\$437,500.00 2001 loan due in semi-annual principal and interest installments of \$13,602.57 through 2021 at an interest rate of 2%	278,251.79
\$50,000.00 2002 loan due in semi-annual principal and interest installments of \$1,554.58 through 2022 at an interest rate of 2%	34,236.78
\$500,000.00 loan due in semi-annual principal and interest installments of \$17,001.84 through 2020 at an interest rate of 2%	320,603.43
\$285,600.00 loan due in semi-annual principal and interest installments of \$9,950.30 through 2022 at an interest rate of 2%	219,136.89
\$800,000.00 loan due in semi-annual principal and interest installments of \$49,746.55 through 2029 at an interest rate of 2%	<u>800,000.00</u>
	<u>\$ 3,008,885.52</u>

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

5. Long-Term Debt (continued)

New Jersey Environmental Infrastructure Trust

The Township, during 2001, entered into a loan agreement with the State of New Jersey Department of Environmental Protection, pursuant to the 2001 New Jersey Environmental Infrastructure Trust Financing Program. The loan consists of two agreements, a Trust Loan Agreement of \$1,255,000.00 to be repaid over a twenty-year period at interest rates ranging from 4.00% to 5.50%, and a Fund Loan Agreement of \$1,318,862.00 to be repaid over a twenty-year period at no interest. The proceeds of the loans were to fund land acquisitions. The schedule below reflects a combined principal and interest payment for the Trust Loan and Fund Loan.

Year	Green Trust Loans Payable		NJ EIT Trust Payable		Total
	Principal	Interest	Principal	Interest	
2010	\$ 267,239.36	\$ 59,848.18	\$ 129,360.73	\$ 47,012.50	\$ 503,460.77
2011	272,610.84	53,476.68	127,221.81	43,712.50	497,021.83
2012	278,090.33	47,997.19	133,323.68	40,412.50	499,823.70
2013	283,679.98	42,407.55	131,006.52	36,837.50	493,931.55
2014	289,381.94	36,705.51	136,930.14	33,262.50	496,280.09
2015	295,198.49	30,889.02	142,902.38	29,762.50	498,752.39
2016	291,027.20	24,955.55	148,712.58	26,012.50	490,707.83
2017	156,039.87	19,856.86	146,119.95	22,012.50	344,029.18
2018	147,758.22	16,777.25	151,768.11	18,012.50	334,316.08
2019	150,728.16	13,807.28	157,254.22	13,762.50	335,552.16
2020	136,755.98	10,777.69	162,578.31	9,262.50	319,374.48
2021	84,114.93	8,291.26	167,894.46	4,750.00	265,050.65
2022	54,454.35	6,797.08			61,251.43
2023	43,928.99	5,817.57			49,746.56
2024	44,811.96	4,934.59			49,746.55
2025	45,712.68	4,033.87			49,746.55
2026	46,631.50	3,115.04			49,746.54
2027	47,568.80	2,177.76			49,746.56
2028	48,524.93	1,221.62			49,746.55
2029	24,627.01	246.27			24,873.28
	<u>\$ 3,008,885.52</u>	<u>\$ 394,133.82</u>	<u>\$ 1,735,072.89</u>	<u>\$ 324,812.50</u>	<u>\$ 5,462,904.73</u>

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

6. 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 issued in the General Capital Fund were as follows:

<u>Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
Various Road Improvements	09/30/09	09/30/10	\$ 650,000.00	2.000%
Various Capital Improvements & Other Related Expenses	09/30/09	09/30/10	600,000.00	2.000%
Acquisition of Various Information Technology Equipment	09/30/09	09/30/10	763,698.00	2.000%
Various Capital Improvements & Other Related Equipment	09/30/09	09/30/10	370,202.00	2.000%
Various Capital Improvements & Other Related Equipment	09/30/09	09/30/10	<u>3,231,235.00</u>	2.000%
			<u>\$ 5,615,135.00</u>	

7. Bonds and Notes Authorized But Not Issued

At December 31, 2009, the Township of Brick had \$9,622,369.91 in authorized debt which remained unissued.

8. Local District School Taxes

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

The Township has elected to defer school taxes as follows.

	<u>2009</u>	<u>2008</u>
Balance of Tax	\$ 44,127,758.57	\$ 42,234,418.57
Deferred	<u>46,822,215.50</u>	<u>45,674,209.50</u>
Tax Payable/(Advanced)	<u>\$ (2,694,456.93)</u>	<u>\$ (3,439,790.93)</u>

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

9. Fund Balance Appropriated

The Current Fund balance at December 31, 2009 was \$8,390,958.30 of which \$8,231,163.00\* was appropriated and included as anticipated revenue for the year ended December 31, 2010.

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

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

Special Emergency Authorization	\$ 720,000.00
Emergency Appropriation	<u>109,020.00</u>
	<u>\$ 829,020.00</u>

11. Accrued Sick and Vacation Benefits - Unaudited

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay. The Township permits its employees to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. Effective for financial statements dated December 31, 1987, the state has required all municipalities to disclose the estimated current cost of unused sick and vacation benefits at year-end. The Township estimated the current cost of such unpaid compensation to be \$7,222,406.45 and \$7,001,705.00 at December 31, 2009 and 2008, respectively. In accordance with New Jersey principles, these amounts are not reported as expenditures or liabilities in the accompanying financial statements.

12. Other Post-Employment Benefits

Plan Description: The Township of Brick maintains a single-employer defined benefit healthcare plan administered by Blue Cross/Blue Shield Horizon ("Plan") as well as several other insurers and benefits administrators. Employees who retire from the Township may be eligible for post-employment medical, prescription drug, dental and vision benefits pursuant to the provisions below. The Plan issues a stand-alone financial report.

Eligibility:

- Retire from active service.
- Retirees must have 25 years or more of service credit in either the State Public Employment Retirement System of New Jersey ("PERS"); or the Police and Fire Retirement Systems ("PFRS").

Dependent Eligibility: Yes

\* Budget not adopted as of the date of this report

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

12. Other Post-Employment Benefits (continued)

Benefits for Public Employees:

- Retirees are eligible to receive medical and prescription drug benefits from the Township for themselves and dependents.
- Retirees are required to enroll in Medicare parts A and B upon becoming eligible for Medicare, regardless of age.
- Benefits continue for the life of the retiree.
- Surviving spouses can remain on the Plan, at full cost to the Township, for the remainder of their lifetimes.

Benefits for Police:

- Retirees are eligible to receive medical, prescription drug, dental and vision benefits from the Township for themselves and dependents.
- Retirees are required to enroll in Medicare parts A and B upon becoming eligible for Medicare, regardless of age.
- Benefits continue for the life of the retiree.
- Surviving spouses can remain on the Plan, at full cost to the Township, for the remainder of their lifetimes.

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

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

January 1, 2009 Net OPEB Obligations	\$	6,730,135
Plus:		
Annually Required Contributions		8,976,948
Less:		
Township Contributions		<u>(2,970,817)</u>
December 31, 2009 Net OPEB Obligations	\$	<u>12,736,266</u>

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

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
12/31/08	\$ 8,976,948	25.03%	\$ 6,730,135
12/31/09	8,976,948	33.09	6,006,131



TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

12. Other Post-Employment Benefits (continued)

Funded Status and Funding Progress: The funded status of the Plan was as follows (\$ thousands):

<u>Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability - Projected Unit Credit</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll*</u>	<u>Unfunded Actuarial Accrued Liability as % of Covered Payroll</u>
01/01/08	\$ 0	\$ 89,864,072	\$ 89,864,072	0%	\$ 26,011,561	345.47%

\* Required disclosure at adoption of Standard. Covered payroll based on salary provided by the Township on the active census.

This is the Township's second year of implementing GASB 45. The actuarial value of Plan assets remained unchanged relative to the actuarial accrued liabilities for benefits.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2008 actuarial valuation, which was utilized for the bi-annual period ended December 31, 2009, the projected unit credit cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 11% initially, decreasing to a 5% long-term trend rate for 2019 and later years. The period selected for amortizing the unfunded accrued actuarial liability in determining the ARC is the maximum limit of 30 years. Amortization reflects a closed, level dollar method. The discount rate used to discount liabilities was 5%.

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 \$39,855.50 and \$512,680.54, respectively.

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO 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.

Pending Litigation

There are several actions which have been instituted against the Township which are either in the discovery stage 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 materially affect the financial position of the Township.

15. Risk Management

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

16. Deferred Compensation Program

The Township has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 of the Statutes of New Jersey.

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Township serves as Trustee under the Plan.

TOWNSHIP OF BRICK  
COUNTY OF OCEAN, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2009 and 2008

17. Subsequent Events

On March 23, 2010, the Township issued \$3,719,535.00 General Obligation Bonds to fund various capital improvements; \$566,200.00 General Obligation Bonds to fund various information technology expenses; \$313,595.00 General Obligation Bonds to fund various capital improvements; and \$11,170,670.00 General Obligation Bonds to fund various capital improvements.

On May 4, 2010, the Township issued \$2,340,000.00 General Obligation Refunding Bonds, Series 2010A and \$5,940,000.00 General Obligation Refunding Bonds, Series 2010B to refund all or a portion of the outstanding principal amounts of General Improvement Bonds, Series 1998 and General Improvement Bonds, Series 2001.

**APPENDIX C**  
**FORM OF OPINION OF**  
**BOND COUNSEL**

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

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

Township Council of the  
Township of Brick, in the  
County of Ocean, New Jersey

Re: Township of Brick, in the County of Ocean, New Jersey,  
\$\_\_\_\_\_ General Improvement Bonds (Landfill Closure Project), Series 2010

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Brick, in the County of Ocean, New Jersey (the "Township") of its \$\_\_\_\_\_ General Improvement Bonds (Landfill Closure Project), Series 2010 (the "Bonds"). The Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township is available to pay the principal of and interest on the Bonds. The Bonds are dated their date of delivery and mature on November 1 in the amount, in each of the years and bear interest at the rates, payable on May 1 and November 1, commencing May 1, 2011, set forth in the table below:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2011			2019		
2012			2020		
2013			2021		
2014			2022		
2015			2023		
2016			2024		
2017			2025		
2018					

The Bonds will be initially issued in book-entry form only in the form of one certificate for the aggregate principal amount of Bonds maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"),

which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any multiple thereof through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), a resolution adopted by the Township Council on November 23, 2010 (the "Resolution") and Ordinance No. 43-10 of the Township (the "Ordinance"). The Bonds are issued to (i) finance the cost of various capital improvements in and for the Township, and (ii) pay costs of issuance of the Bonds (collectively, the "Project"). The Project was authorized by the Ordinance.

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

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

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

1. The Bonds have been duly authorized, issued, executed and sold by the Township; the Resolution and the Ordinance have been duly authorized and adopted by the Township; and the Bonds, the Resolution and the Ordinance are legal, valid and binding obligations of the Township enforceable in accordance with their respective terms.

2. Assuming continuing compliance by the Township with covenants pertaining to provisions of the Code, under laws, regulations, rulings and judicial decisions existing on the date of original delivery of the Bonds, interest received by a holder of the Bonds is not includable in gross income for federal income tax purposes under the Code, except for interest on any Bond during any period while such Bond is held by a "substantial user" of the facilities financed by the Bonds or by a "related person" within the meaning of Section 147(a) of the Code. Interest on such Bonds will not be taken into account in the calculation of a holder's alternative minimum tax

liability under the Code. However, interest on the Bonds may become taxable retroactively if certain requirements of the Code are not complied with.

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

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

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

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

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

GLUCKWALRATH LLP

**APPENDIX D**  
**FORM OF**  
**CONTINUING DISCLOSURE CERTIFICATE**



**(Form of Continuing Disclosure Certificate)**

**CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Brick, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$\_\_\_\_\_ principal amount of its General Improvement Bonds (Landfill Closure Project), Series 2010 (the "Bonds"). The Bonds are being issued pursuant to a Bond Ordinance (the "Ordinance") duly adopted by the Township Council of the Issuer on \_\_\_\_\_, 2010, and a resolution duly adopted by the Township on November 23, 2010 (the "Resolution"). The Bonds are dated December \_\_, 2010 and shall mature on November 1 in the years 2011 through 2025, inclusive. The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

"State" shall mean the State of New Jersey.

*Section 3. Provision of Annual Reports.*

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

(b) Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the Dissemination Agent the Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB..

(c) The Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided.

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

1. The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from

time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. The financial information and operating data set forth in the Official Statement dated \_\_\_\_\_, 2010 prepared in connection with the sale of the Bonds under the captions: "Litigation", and in Appendix A to the Official Statement under the headings "Fiscal 2010 Budget", "Property Taxes", "Assessed Valuations", "Ten Largest Taxpayers", "County and School Taxes", "Delinquent Taxes", "Comparison of Tax Levies and Collections", "Miscellaneous Revenues 2010", "State Aid", "Debt Limit", "Outstanding Long-Term Indebtedness" and "Statement Of Indebtedness".

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been made available to the public on the MSRB's Internet Web site or filed with the SEC. The Commission shall clearly identify each such other document so incorporated by reference. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

*Section 5.      Reporting of Significant Events.*

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

1. principal and interest payment delinquencies;
2. non-payment related defaults, 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 proposed or final determinations of taxability. Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the Bonds;

7. modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a) for which a disclosure obligation is dependent upon materiality, as such events relate to the Issuer, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If disclosure of a Listed Event is required, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the event, file a notice of such occurrence with the MSRB in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

*Section 6.* Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

*Section 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

*Section 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 Section 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 Bondholders or Beneficial Owners of the Bonds.

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

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

*Section 11.*     Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or wilful misconduct. The obligations of the Issuer under this Section 11 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

Dated: December \_\_, 2010

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

By: \_\_\_\_\_  
Scott Pezarras, Chief Financial Officer

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Township of Brick, New Jersey

Name of Bond Issue: \$\_\_\_\_\_ General Improvement Bonds (Landfill Closure Project),  
Series 2010

Date of Issuance: 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 \_\_\_\_\_, 2010. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_, 20\_\_.

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

TOWNSHIP OF BRICK, NEW JERSEY

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