

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 20, 2011

NEW ISSUE - BOOK-ENTRY ONLY

Rating: S&P:

In the opinion of Gibbons P.C., Bond Counsel to the Borough, assuming continuing compliance by the Borough with certain tax covenants described herein, under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act. In the case of certain corporate holders of the Bonds, interest on the Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Bonds in "adjusted current earnings" of certain corporations. See "TAX MATTERS" herein.

**\$2,319,000
BOROUGH OF UNION BEACH
IN THE COUNTY OF MONMOUTH, NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2011
(Callable) (Bank-Qualified)**

Dated: Date of Delivery

Due: July 1, as shown below

The \$2,319,000 General Obligation Bonds, Series 2011 (the "Bonds"), of the Borough of Union Beach, in the County of Monmouth, New Jersey (the "Borough") will be issued in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as Securities Depository ("DTC"). See "DESCRIPTION OF THE BONDS - Book-Entry Only System" herein.

Interest on the Bonds will be payable by the Borough semiannually on each January 1 and July 1 in each year until maturity or prior redemption, commencing on January 1, 2012. Principal of and interest on the Bonds will be paid to DTC by the Borough. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each preceding December 15 and June 15 (the "Record Dates") for the payment of interest on the Bonds.

The Bonds are being issued to provide funds to (i) refund, on a current basis, outstanding bond anticipation notes of the Borough and (ii) pay certain costs incurred in connection with the issuance of the Bonds.

The Bonds are subject to redemption prior to their stated maturities as described herein.

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

Maturity Schedule, Amounts, Interest Rates and Yields

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2012	\$100,000			2020	\$160,000		
2013	105,000			2021	160,000		
2014	115,000			2022	160,000		
2015	139,000			2023	170,000		
2016	150,000			2024	200,000		
2017	150,000			2025	200,000		
2018	150,000			2026	200,000		
2019	160,000						

The Bonds are offered when, as and if issued and delivered to the purchaser, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Gibbons P.C., Newark, New Jersey and certain other conditions described herein. Delivery is anticipated to be through the facilities of DTC in New York, New York, on or about July 7, 2011.

Dated: June __, 2011

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 Borough will deliver a final Official Statement in compliance 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.

**BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH
NEW JERSEY**

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Robert M. Howard, Jr.

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John T. Lane, Jr.

INDEPENDENT ACCOUNTANTS

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BOND COUNSEL

Gibbons P.C.

No dealer, broker or salesperson or other person has been authorized by the Borough 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 Borough. The information contained herein has been provided by the Borough and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

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

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

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OFFICIAL STATEMENT

\$2,319,000

BOROUGH OF UNION BEACH IN THE COUNTY OF MONMOUTH, NEW JERSEY

GENERAL OBLIGATION BONDS, SERIES 2011

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, is furnished by the Borough of Union Beach (the "Borough"), in the County of Monmouth (the "County"), State of New Jersey (the "State"), in connection with the sale and issuance of \$2,319,000 General Obligation Bonds, Series 2011 (the "Bonds"). This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer.

Prior to the issuance of the Bonds, the Borough will enter into an agreement for the benefit of the holders of the Bonds to comply with the secondary market disclosure requirements of the Securities and Exchange Commission's Rule 15c2-12 ("Rule 15c2-12"). See "APPENDIX C - FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

This Preliminary Official Statement is "deemed final," as of its date, within the meaning of Rule 15c2-12, but is subject to (a) completion with certain pricing and other information to be made available by the successful bidder for the Bonds and (b) amendment. This Preliminary Official Statement, as so revised, will constitute the "final official statement" within the meaning of Rule 15c2-12.

THE BONDS

General Description

The Bonds shall be dated the date of delivery and mature on July 1 in the years and in the principal amounts as set forth on the front cover page hereof. Interest on the Bonds is payable semiannually on the first day of January and July in each year, commencing on January 1, 2012, until maturity, or prior redemption. Interest on the Bonds will be credited to the participants of The Depository Trust Company, New York, New York ("DTC"), as listed on the records of DTC as of each next preceding December 15 and June 15.

Denomination and Place of Payment

The Bonds will be issued in fully-registered form and registered in the name of Cede & Co., as nominee of DTC which will act as the securities depository. Principal of and interest on the Bonds will be paid by the Borough as paying agent (the "Paying Agent") to DTC.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC. Disbursement of such payments to the participants of DTC is the responsibility of DTC. See "Book-Entry Only System" herein.

Book-Entry Only System

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough 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 notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Borough or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "streetname," and shall be the responsibility of such Participant and not of DTC or its nominee, the paying agent, if any, or the Borough, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Borough or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borough believes to be reliable, but the Borough 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 Borough, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Borough will attempt to locate another qualified Securities Depository. If the Borough fails to find such a Securities Depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Borough undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination) the Borough shall notify DTC of the termination of the book-entry only system.

PURPOSE OF THE BONDS

The Bonds have been authorized and are 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 (N.J.S.A. 40A:2-1 et seq.), the "Local Bond Law") and the various bond ordinances of the Borough.

<u>Bond Ordinance Number</u>	<u>Description of Improvement</u>	<u>Amount to be Issued</u>
795	Improvements to Edmunds Avenue	\$ 53,200
805	Various Public Improvements	575,550
819	Various Public Improvements	233,650
823	Various Public Improvements	204,800
2002-2	Various Public Improvements	278,800
2003-22	Various Public Improvements	973,000
		<u>\$ 2,319,000</u>

SECURITY FOR THE BONDS

The Bonds are valid and legally binding obligations of the Borough and the full faith and credit of the Borough are pledged to the payment of the principal of and interest on the Bonds, for which payment the Borough is obligated to levy ad valorem taxes upon all the taxable property within the Borough without limitation as to rate or amount.

Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Borough is subject to applicable provisions of Federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Bonds or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission whose powers have been vested in the Local Finance Board.

OPTIONAL REDEMPTION PROVISIONS

The Bonds maturing on or prior to July 1, 2021 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after July 1, 2022 shall be subject to redemption prior to their respective maturity dates, on or after July 1, 2021 at the option of the Borough, either in whole or in part at any time in any order of maturity at one hundred percent (100%) of the principal amount of the Bonds being redeemed ("Redemption Price"), plus in each case accrued interest thereon to the date fixed for redemption.

Notice of Redemption shall be given by publishing such notice once a week for two (2) successive weeks in a newspaper of general circulation that carries financial news, is printed in the English language and is customarily published on each day in the State of New York, the first of such publications to be at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. A Notice of Redemption shall also be mailed by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough. However, so long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notices of Redemption shall be sent to such depository and shall not be sent to the beneficial owners of the Bonds, nor shall the notice be published as provided herein. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds of a maturity, such Bonds shall be selected by the Borough by lot. If Notice of Redemption has been given as described herein, the Bonds, or the portion thereof called for redemption, shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Payment shall be made upon surrender of the Bonds redeemed.

NO DEFAULT

The Borough has never defaulted in the payment of any bonds or notes, nor are any payments of principal or interest on the Borough's indebtedness past due.

MARKET PROTECTION

During the remainder of the calendar year 2011, the Borough does not anticipate issuing tax anticipation notes or additional bonds. The Borough will, however, issue bond anticipation notes, as needed.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Borough are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its average equalized valuation basis. The average for the last three years, of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Director of Taxation, is \$677,765,814.00.

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

The Borough has not exceeded its statutory debt limit. At June 30, 2010 the statutory net debt as a percentage of average equalized valuation was 1.338%. As noted above, the statutory limit is 3.50%.

Exceptions to Debt Limits - Extensions of Credit

The Borough 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 Borough must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough without the approval of the Local Finance Board to fund certain notes for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing

The Borough may issue short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditures. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond

anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Certain statutory payments are required if the notes are renewed beyond the third anniversary date equal to the minimum amount required for the first year's principal payment for a bond issue.

School Debt

State law permits the school district to authorize school district debt, including debt in excess of its independent debt limit of 4% of the equalized evaluation basis, by using the available borrowing capacity of the Township. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the Township, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

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

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

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

Appropriation and Tax Levy "CAPS"

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

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

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

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

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Miscellaneous Revenues

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

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 governs anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

N.J.S.A. 40A:4-41 provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by December 31, of such preceding fiscal year."

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

$$\frac{\text{Levy required to balance budget}}{\text{Prior Year's Percentage of Township's Current Tax Collections or Less}} = \text{Total Taxes to be Levied}$$

Deferral of Current Expenses

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

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

Budget Transfers

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

Operation of Utilities

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

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

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

Capital Budget

In accordance with the Local Budget Law, the Borough must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within thirty (30) days of its submission. The entire annual audit report for the year ended June 30, 2010 is on file with the Borough Clerk and is available for review during business hours.

TAX MATTERS

Exclusion of Interest on the Bonds from Gross Income for Federal Income Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met on a continuing basis subsequent to the issuance of the Bonds in order to assure that interest on the Bonds will be excluded from gross income for purposes of Federal income taxation under Section 103 of the Code. Failure of the Borough to comply with such requirements may cause interest on the Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of the issuance of the Bonds. The Borough has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or permit any action that would cause the interest on the Bonds to be included in gross income under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code.

Assuming the Borough observes its covenants with respect to continuing compliance with the Code, Gibbons P.C., Bond Counsel to the Borough, is of the opinion that, under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

Additional Federal Income Tax Consequences

In the case of certain corporate holders of the Bonds, interest on the Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Bonds in "adjusted current earnings" of certain corporations.

Prospective purchasers of the Bonds should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the Bonds, may have additional Federal income tax consequences for certain taxpayers, including without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

The Bonds have been designated by the Borough as "Qualified Tax-Exempt Obligations" for purposes of Section 265(b)(3) of the Code. The Borough intends that, by such designation of the Bonds, the Bonds will not be subject to Section 265(b)(1) of the Code, which relates to the complete disallowance of deduction for interest expense of certain financial institutions that is allocable to interest on certain tax-exempt obligations acquired by a financial institution after August 7, 1986. The interest expense of certain financial institutions allocable to Qualified Tax-Exempt Obligations is subject to Sections 291 (a)(3) and 291(e)(1)(B) of the Code, relating to the non-deductibility of twenty (20) percent of the interest expense allocable to such tax-exempt obligations.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinion with regard to the exclusion of interest on the Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

State Taxation

Bond Counsel is of the opinion that, under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

Miscellaneous

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Bonds, the exclusion of interest on the Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS.

LITIGATION

To the knowledge of the Borough Attorney, John T. Lane, Jr., Esq., New Jersey, 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 Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided. A certificate to such effect will be executed by the Borough's Attorney and delivered to the Underwriter at the closing.

LEGALITY FOR INVESTMENT

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

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 Gibbons P.C., Newark, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix D. Certain legal matters will be passed on for the Borough by its Counsel, John T. Lane, Jr., Esq., New Jersey.

MUNICIPAL BANKRUPTCY

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

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

SECONDARY MARKET DISCLOSURE

The Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended and supplemented (the "Securities Exchange Act") has adopted amendments to its Rule 15c2-12 effective July 3, 1995 which generally prohibits a broker, dealer, or municipal securities dealer ("Participating Underwriter") from purchasing or selling municipal securities, such as the Bonds, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board ("the MSRB") (the "Continuing Disclosure Requirements").

On the date of delivery of the Bonds, the Borough will enter into a Continuing Disclosure Certificate ("the Continuing Disclosure Certificate") containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Bonds pursuant to which the Borough will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Borough will covenant in the Continuing Disclosure Certificate to provide certain financial information and operating data relating to the Borough by not later than nine (9) months after the end of each Fiscal Year of the Borough commencing with the first Fiscal Year of the Borough ending June 30, 2011 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events (each, a "Disclosure Event"). The Annual Report will be filed by the Borough with the MSRB. The notices of Disclosure Events will be filed by the Borough with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of Disclosure Events is set forth in "Appendix B - Form of Continuing Disclosure Agreement." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12.

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

UNDERWRITING

The Bonds are being purchased from the Borough by _____ (the "Underwriter"), at a price of \$_____ (consisting of the par amount of Bonds plus an original issue premium 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 offering yields set forth on the 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 Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at yields lower than the public offering yields set forth on the cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

RATING

Standard and Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (the "Rating Agency") has assigned the Bonds the rating of "____". The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency at the following address: 55 Water Street, New York, New York 10041-0003. The Borough furnished to the Rating Agency certain information and materials concerning the Bonds and the Borough. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

PREPARATION OF OFFICIAL STATEMENT

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

Samuel Klein and Company assisted in the preparation of information contained in this Official Statement. Armour S. Hulsart and Company takes responsibility for the audited financial statements to the extent specified in their Independent Auditor's Report.

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

Gibbons P.C., has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to Joseph J. Faccone, Chief Financial Officer, Borough of Union Beach, Borough Hall, 650 Poole Avenue, Union Beach, New Jersey 07735, Telephone (973) 624-6100.

MISCELLANEOUS

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

BOROUGH OF UNION BEACH

Joseph J. Faccone
Chief Financial Officer

Dated: June __, 2011

APPENDIX A
CERTAIN ECONOMIC INFORMATION RELATING TO THE
BOROUGH OF UNION BEACH

GENERAL INFORMATION REGARDING THE BOROUGH OF UNION BEACH

The Borough of Union Beach was formally incorporated by an Act of the New Jersey Legislature on March 16, 1925. It is located in northern Monmouth County on the Raritan Bay and covers approximately 1.8 square miles. The majority of the land in the Borough is fully developed.

Union Beach is located approximately forty (40) miles from New York City. Transportation is available by bus to New York City and nearby communities. The Matawan Train Station with its newly expanded parking facilities is within five (5) miles, as is Highway Thirty-Five (35) which provides access to the Garden State Parkway and the New Jersey Turnpike. These roads provide quick and convenient movement to New York and Philadelphia.

Municipal Government

The Borough is managed by a Mayor-Council form of government. The Mayor is elected for a four (4) year term and each of the six (6) Council Members are elected for three (3) year terms.

Education

The Borough has one (1) public elementary school. High school students are enrolled in nearby Keyport High School and Red Bank Regional High School. Within Monmouth County are Monmouth College and Brookdale Community College. Rutgers University and Douglass College are located approximately twenty-five (25) miles from the Borough in New Brunswick, Middlesex County, New Jersey.

Public Safety

The Borough has four (4) volunteer fire companies, which are manned by approximately one hundred (100) men. The Police Department consists of fourteen (13) full-time police officers and three (3) dispatchers. The Union Beach Volunteer First Aid Squad serves the Borough's emergency aid needs, and is comprised of twenty (20) active members.

Recreation

The Borough enjoys an excellent recreation program for all ages, supervised by a highly qualified professional staff under the authority of the Board of Recreation Commissioners.

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

POPULATION

<u>Year</u>	<u>Source</u>	<u>Population</u>
2010	Federal Census	6,245
2000	Federal Census	6,649
1990	Federal Census	6,156
1980	Federal Census	6,345

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

ECONOMIC INFORMATION

<u>Median Family Income - 2009</u>				<u>Per Capita Income</u>			
<u>Income Group</u>	<u>Borough of Union Beach</u>	<u>County of Monmouth</u>	<u>State of New Jersey</u>	<u>Year</u>	<u>Borough of Union Beach</u>	<u>County of Monmouth</u>	<u>State of New Jersey</u>
Less than \$10,000.00	-	3,459	69,225	2009	\$25,616.00	\$39,995.00	\$34,566.00
10,000.00 - 14,999.00	49	1,976	45,605				
15,000.00 - 24,999.00	58	6,680	119,425				
25,000.00 - 34,999.00	116	7,415	140,033				
35,000.00 - 49,999.00	234	13,360	221,009				
50,000.00 - 74,999.00	317	23,638	371,469				
75,000.00 - 99,999.00	234	23,640	330,428				
100,000.00 - 149,999.00	422	38,183	454,602				
150,000.00 - 199,999.00	79	19,770	209,098				
200,000.00 - And Over	<u>58</u>	<u>24,105</u>	<u>221,746</u>				
Total Families	<u>1,567</u>	<u>162,226</u>	<u>2,182,640</u>				
Median Family Income	<u>\$77,854</u>	<u>\$100,974</u>	<u>\$ 83,957</u>				

Source: 2009 Income Census, U.S. Bureau of the Census

Source: United States Department of Commerce
Bureau of the Census

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

LABOR FORCE ESTIMATES

<u>Year</u>	<u>Borough of Union Beach</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2009	3,724	3,328	396	10.6 %
2008	3,690	3,448	242	6.6
2007	3,643	3,457	186	5.1
2006	3,682	3,475	207	5.6
2005	3,606	3,403	203	5.6

<u>Year</u>	<u>County of Monmouth</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2009	335,835	307,367	28,468	8.5 %
2008	334,570	318,336	16,234	4.9
2007	330,899	318,562	12,337	3.7
2006	332,931	319,313	13,618	4.1
2005	326,039	312,669	13,370	4.1

<u>Year</u>	<u>State of New Jersey</u>			
	<u>Labor Force</u>	<u>Number Employed</u>	<u>Number Unemployed</u>	<u>Unemployment Rate</u>
2009	4,536,700	4,118,400	418,300	9.2 %
2008	4,502,800	4,257,000	245,800	5.5
2007	4,457,600	4,267,100	190,500	4.3
2006	4,467,100	4,260,100	207,000	4.6
2005	4,404,500	4,207,700	196,800	4.5

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

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

HOUSING CHARACTERISTICS - HOUSING UNITS - (2009)

	<u>Borough of Union Beach</u>	<u>County of Monmouth</u>	<u>State of New Jersey</u>
Number of Units:			
Owner Occupied	1,839	176,245	2,114,000
Renter Occupied	335	54,812	1,040,000
Vacant	<u> </u>	<u> </u>	<u>362,000</u>
Total	<u>2,174</u>	<u>231,057</u>	<u>3,516,000</u>
Median Value Owned	<u>\$282,600</u>	<u>\$429,000</u>	<u>\$356,800</u>

Source: U.S. Census Bureau

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

BUILDING PERMITS

<u>Year</u>	<u>*Total Number</u>	<u>Construction Value</u>
2010	730	\$3,325,474.00
2009	602	5,308,095.00
2008	593	3,622,773.00
2007	779	3,837,024.00
2006	769	3,733,944.00

*Includes new building, alterations, additions and permit updates.

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

LARGEST TAXPAYERS AS OF MAY 25, 2011

<u>Taxpayer</u>	<u>Assessed Value</u>
International Flavors and Fragrances	\$32,368,300
Jersey Central Power & Light/GPU	3,951,700
Ferraro, G.	1,064,000
Zois, C.	1,019,400
Gallopo, L.	902,800
Soldi, M. & C.	868,900
Servidio, M.	797,100
917 State Rt. 36, LLC	781,200
Hoff, L.	776,600
Kutschman Jr., A.	755,200
Gatmaintan, E.	687,600
Habon, C. & N.	679,400
1 st UB Business	665,900
Lepore, F. & G.	642,400
Vignola, A. & C.	616,700

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

TEN MAJOR EMPLOYERS

<u>Name</u>	<u>Approximate Number of Employees</u>
International Flavors and Fragrances	1,650
Union Beach Board of Education	148
GPU	105
Borough of Union Beach	59
McDonald's	35
Piero's	25
Colony Inn	24
Jacobob's	20
Bank of America	10
Oriolo Entertainment	<u>10</u>
	<u>2,086</u>

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

REAL PROPERTY CLASSIFICATION
2006 - 2010 (ASSESSED VALUATION)

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Public Utilities</u>	<u>Net Valuation Taxable</u>
2010	\$6,651,300	\$388,495,800	\$14,200,200	\$33,432,400	\$190,800	\$442,970,500	\$402,688	\$443,373,188
2009	6,555,600	386,987,100	14,294,500	36,932,400	190,800	444,960,400	386,666	445,347,066
2008	7,182,800	383,651,000	14,099,100	44,428,600	190,800	449,552,300	364,263	449,916,563
2007	7,759,300	380,763,400	14,017,100	44,428,600	190,800	447,159,200	349,498	447,508,698
2006	7,402,500	378,432,100	14,214,600	44,428,600	190,800	444,668,600	390,342	445,058,942

BOROUGH OF UNION BEACH
COUNTY OF MIDDLESEX, NEW JERSEY

ASSESSED VALUATION AND TAX RATES

<u>Year</u>	<u>Real Property</u>	<u>Net Taxable Value Real and Personal Property*</u>	<u>Tax Rate per \$100.00</u>	<u>Real Property Assessed Valuation as a Percentage of True Value</u>
2010	\$442,970,500.00	\$443,373,188.00	\$3.136	99.91 %
2009	444,960,400.00	445,347,066.00	3.158	99.91
2008	449,552,300.00	449,916,563.00	2.909	99.92
2007	447,159,200.00	447,508,698.00	2.847	99.92
2006	444,668,600.00	445,058,942.00	2.627	99.91

*Consists of machinery, implements and equipment of telephone, telegraph and messenger systems companies (Chapter 38, P.L. 1966).

Source: Abstract of Ratables

COMPARISON OF COMPONENTS OF TAX RATE

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Tax Rate	<u>\$3.136</u>	<u>\$3.158</u>	<u>\$2.909</u>	<u>\$2.847</u>	<u>\$2.627</u>
Apportionment of Tax Rate:					
Municipal	\$1.303	\$1.333	\$1.118	\$1.064	\$0.932
County	0.394	0.379	0.374	0.376	0.361
County Open Space	0.023	0.024	0.024	0.022	0.019
Local School	<u>1.416</u>	<u>1.422</u>	<u>1.393</u>	<u>1.385</u>	<u>1.315</u>
	<u>\$3.136</u>	<u>\$3.158</u>	<u>\$2.909</u>	<u>\$2.847</u>	<u>\$2.627</u>

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

TAX COLLECTION EXPERIENCE

<u>Year</u>	<u>Tax Levy</u>	<u>Added Taxes</u>	<u>Collections During Year of Levy</u>		<u>Collections to Date June 30</u>		<u>*Uncollected June 30</u>
			<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	
2010	\$13,814,847.97	\$	\$13,575,504.54	98.27 %	\$ 13,508,907.49	98.27 %	\$ 239,343.43
2009	13,714,122.80	64,128.78	13,436,277.24	97.97	13,778,251.58	100.00	
2008	12,934,258.23	30,415.88	12,789,260.85	98.88	12,964,674.11	100.00	
2007	12,393,963.00		12,248,902.37	98.83	12,390,436.53	100.00	
2006	11,353,566.00	14,318.54	11,225,905.34	98.88	11,367,884.54	100.00	

*Balances remaining after credits for remissions and transfers to tax title liens.

Tax Collection Procedure

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

Tax bills for the second half of the current year's levy and an estimate, based on 50% of the levy for the first half of the following year, are mailed annually in June and are due in quarterly installments on the first day of the months of August, November, February and May. Delinquent payments are subject to an interest penalty at 8% on the first \$1,500.00 of delinquency and 18% on amounts exceeding \$1,500.00. Unpaid taxes are subject to tax sale as of July 1 following the year of levy in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

DEBT STATEMENT AS OF JUNE 30, 2010

Gross Debt	
Municipal Debt:	
General Improvements:	
Serial Bonds Issued and Outstanding	\$ 1,690,000.00
Bond Anticipation Notes Issued	5,673,750.00
Bond Anticipation Notes Authorized but Not Issued	242,725.00
Miscellaneous Loans	1,465,011.86
Utility Improvements:	
Bond Anticipation Notes Issued	100,000.00
Miscellaneous Loans	<u>1,867,496.81</u>
Total Gross Debt	<u>\$ 11,038,983.67</u>
Statutory Net Debt	<u>\$ 9,071,486.86</u>
Average Equalized Valuation of Real Property for 2007-2009	<u>\$677,765,814.00</u>
Net Debt Percentage (Statutory Debt Limit - 3 ½%)	<u>1.338%</u>

REMAINING STATUTORY BORROWING POWER

3 1/2% of Equalized Valuation Basis	\$23,721,803.49
Less: Statutory Net Debt	<u>9,071,486.86</u>
Remaining Borrowing Power June 30, 2010	<u>\$14,650,316.63</u>

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

UNDERLYING DEBT - JUNE 30, 2010

County of Monmouth - Gross Debt	<u>\$780,636,981.56</u>
Apportionment to Borough of Union Beach	<u>\$4,245,411.74</u>
Basis of Debt Apportionment: Ratio of Equalized Valuation: Borough of Union Beach - 2010	<u>\$677,765,814.00</u>
Total Monmouth County - 2010	<u>\$124,626,088,385.00</u>
Ratio of Borough of Union Beach	<u>0.005438%</u>

GROSS DEBT COMPARED WITH TRUE VALUE

	<u>Municipal Debt</u>	<u>Municipal Debt Including Apportioned Underlying Debt</u>
Gross Debt as of June 30, 2010	<u>\$11,038,983.67</u>	<u>\$15,284,395.41</u>
Aggregate Fair Value for 2010 - All Taxable Property - Assessed Valuation	\$443,373,188.00	
Amount Added for Equalization: Real Property Assessed at 65.42% of True Value	<u>234,392,626.00</u>	
Total - With Real Property at True Value	<u>\$677,765,814.00</u>	
Gross Debt as a Percentage of True Value	<u>1.63%</u>	<u>2.26%</u>

APPENDIX B
BOROUGH OF UNION BEACH
AUDITOR'S REPORT AND FINANCIAL STATEMENTS

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

REPORT OF INDEPENDENT AUDITOR

To the Honorable Mayor and Members
Of the Borough Council
Borough of Union Beach
County of Monmouth
Union Beach, New Jersey 07735

We have audited the accompanying balance sheets – regulatory basis of the various funds and account groups of the Borough of Union Beach, New Jersey, as of June 30, 2010 and 2009, the related statements of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended June 30, 2010. These financial statements are the responsibility of the Borough of Union Beach's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America, and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain reasonable assurance that 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Borough prepares its basic financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles accepted in the United States of America. Such financial statements are not intended to be presented in accordance with accounting principles generally accepted in the United States of America.

In our opinion, because of the Borough's policy to prepare 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 generally accepted accounting principles, the financial position of the Borough as of June 30, 2010 and 2009 or the results of its operations, for the years then ended.

However, in our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough as of June 30, 2010 and the results of operations and changes in fund balance- regulatory basis of such funds for the year then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year ended June 30, 2010 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2011 on our consideration of the Borough of Union Beach's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of our audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit has been made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying additional schedules, information relating to federal and state grants and comments and recommendations section listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such additional information has been subjected to the 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.

ROBERT A. HULSART AND COMPANY



Robert A. Hulsart
Certified Public Accountant
Registered Municipal Accountant

January 25, 2011

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

COMPARATIVE BALANCE SHEETS - CURRENT FUND

Sheet #1

<u>ASSETS AND DEFERRED CHARGES</u>	Balance <u>June 30, 2010</u>	Balance <u>June 30, 2009</u>	Balance <u>June 30, 2008</u>	Balance <u>June 30, 2007</u>	Balance <u>June 30, 2006</u>
Cash:					
Treasurer	\$ 1,318,075.67	\$ 1,381,788.31	\$ 1,246,822.39	\$ 1,847,932.71	\$ 1,404,008.16
Tax Collector	830,134.93	753,662.47	73,932.98	558,941.12	207,547.83
Borough Clerk	6,225.65	6,191.15	9,032.90	9,305.15	7,311.72
Change Fund	50.00	50.00	50.00	50.00	50.00
	<u>2,154,486.25</u>	<u>2,141,691.93</u>	<u>1,329,838.27</u>	<u>2,416,228.98</u>	<u>1,618,917.71</u>
Due from State of New Jersey Veterans and Senior Citizens	<u>61,195.65</u>	<u>62,820.65</u>	<u>63,195.65</u>	<u>64,195.65</u>	<u>65,383.15</u>
⊞ Receivables With Full Reserves:					
Delinquent Taxes	239,343.43	277,845.56	148,523.85	145,060.63	127,660.66
⊞ Taxes in Bankruptcy	54,395.49	54,395.49	54,395.49	54,395.49	54,395.49
Property Acquired for Taxes	2,191,000.00	2,191,000.00	2,191,000.00	2,191,000.00	2,191,000.00
Demolition Lien	14,508.12	14,508.12	14,508.12	14,508.12	14,508.12
Interfunds:					
Dog Trust	9,245.12	4,663.92	6,333.24	3,658.11	3,416.73
Sewer Operating	172,019.93			50,327.11	
Unemployment Trust Fund					142.00
Mortgage Contracts					18,607.13
	<u>2,680,512.09</u>	<u>2,542,413.09</u>	<u>2,414,760.70</u>	<u>2,458,949.46</u>	<u>2,409,730.13</u>
Deferred Charges:					
Special Emergency	<u>9,000.00</u>	<u>18,000.00</u>	<u>27,000.00</u>	<u>36,000.00</u>	<u>85,000.00</u>
	<u>4,905,193.99</u>	<u>4,764,925.67</u>	<u>3,834,794.62</u>	<u>4,975,374.09</u>	<u>4,179,030.99</u>
<u>State and Federal Grants</u>					
Interfund Current	171,110.42	68,638.84		44,192.92	26,308.20
Interfund Sewer Capital	59,860.27	59,860.27	59,860.27	59,860.27	
Grants Receivable	419,837.92	485,981.52	130,665.52	367,001.93	119,814.64
	<u>650,808.61</u>	<u>614,480.63</u>	<u>190,525.79</u>	<u>471,055.12</u>	<u>146,122.84</u>
	<u>\$ 5,556,002.60</u>	<u>\$ 5,379,406.30</u>	<u>\$ 4,025,320.41</u>	<u>\$ 5,446,429.21</u>	<u>\$ 4,325,153.83</u>

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

COMPARATIVE BALANCE SHEETS - CURRENT FUND

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	Balance <u>June 30, 2010</u>	Balance <u>June 30, 2009</u>	Balance <u>June 30, 2008</u>	Balance <u>June 30, 2007</u>	Balance <u>June 30, 2006</u>
Appropriation Reserves	\$ 27,411.31	\$ 11,843.77	\$ 104,886.41	\$ 91,444.95	\$ 172,128.29
Encumbrances	57,500.00	50,000.00	37,500.00	37,500.00	75,116.23
Deferred Revenue	3,650.00	5,750.00	3,650.00	5,050.00	4,350.00
Tax Overpayments	7,849.80	8,483.07	336.82	2,679.05	1,989.22
Prepaid Taxes	9,379.56	8,594.22	14,531.86	14,758.82	22,926.82
Tax Anticipation Note	1,500,000.00	1,500,000.00	700,000.00	900,000.00	
Due to Sewer Capital Fund	90,000.00	90,000.00	90,000.00	90,000.00	49,271.36
Due to Trust - Other	13,462.30	34,167.03	15,272.66	22,251.19	6,078.22
Local School Taxes Payable	0.02	0.02			
Due to Sewer Operating		193.02	35,758.68		
Emergency Note Payable	9,000.00	18,000.00	27,000.00	36,000.00	85,000.00
Due to Grant Fund	171,110.42	68,638.84		44,192.92	26,308.20
Due to General Capital Fund	194,553.63	126,523.86	210,489.90	754,635.00	621,771.66
Total Liabilities	2,083,917.04	1,922,193.83	1,239,426.33	1,998,511.93	1,064,940.00
Reserve for Receivables	2,680,512.09	2,542,413.09	2,414,760.70	2,458,949.46	2,409,730.13
Fund Balance	140,764.86	300,318.75	180,607.59	517,912.70	704,360.86
	4,905,193.99	4,764,925.67	3,834,794.62	4,975,374.09	4,179,030.99
 <u>Federal and State Grant Fund</u>					
Interfund General Capital	120,990.99	120,990.99	120,990.99		
Appropriation Reserves	512,065.60	448,125.60	48,964.12	452,242.73	126,542.71
Unappropriated Reserves	17,752.02	45,364.04	20,570.68	18,812.39	19,580.13
	650,808.61	614,480.63	190,525.79	471,055.12	146,122.84
	\$ 5,556,002.60	\$ 5,379,406.30	\$ 4,025,320.41	\$ 5,446,429.21	\$ 4,325,153.83

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

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

	Balance <u>June 30, 2010</u>	Balance <u>June 30, 2009</u>	Balance <u>June 30, 2008</u>	Balance <u>June 30, 2007</u>	Balance <u>June 30, 2006</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Anticipated	\$ 237,000.00	\$ 117,000.00	\$ 453,700.00	\$ 570,000.00	\$ 1,000,000.00
Miscellaneous Revenue Anticipated	1,908,500.32	1,912,771.88	1,945,762.85	2,462,327.10	2,119,005.76
Receipts from Delinquent Taxes	341,974.34	178,939.73	141,534.16	141,979.20	92,409.01
Receipts from Current Taxes	13,575,504.54	13,436,277.24	12,789,260.85	12,248,902.37	11,225,905.34
Nonbudget Revenue	96,688.67	111,902.86	45,747.95	190,732.31	215,315.04
Other Credits to Income:					
Appropriation Reserves Lapsed	45,938.26	60,034.03	24,122.78	86,372.47	114,349.50
Budget Appropriations Cancelled	24,497.27	74,286.87	1,401.64	5,143.16	7,389.31
Interfunds Returned		1,669.32			22,650.65
	<u>16,230,103.40</u>	<u>15,892,881.93</u>	<u>15,401,530.23</u>	<u>15,705,456.61</u>	<u>14,797,024.61</u>
<u>Expenditures</u>					
Budget Appropriations:					
Onside CAP:					
Salaries and Wages	3,150,990.00	3,120,620.00	3,017,728.00	2,835,692.05	2,734,748.00
Other Expenses	2,492,037.00	2,534,212.08	2,435,124.00	2,361,499.93	1,604,404.00
Deferred Charges and Statutory Expenditures	403,746.53	400,036.24	242,014.11	230,203.73	212,592.66
Outside CAP:					
Salaries and Wages	45,999.11				
Other Expenses	519,259.05	532,317.68	368,827.39	877,839.13	1,117,398.54
Capital Improvements	326,300.00	59,750.00	71,000.00	40,000.00	389,000.00
Debt Service	945,200.00	916,277.92	1,061,066.00	1,017,825.02	912,012.00
Deferred Charges	9,000.00	9,000.00	9,000.00	49,000.00	40,000.00
County Taxes	1,788,922.12	1,796,853.08	1,829,517.10	1,705,499.22	1,776,285.45
Local District School Taxes	6,280,672.00	6,280,672.00	6,246,176.00	6,153,919.00	5,547,653.00
Interfunds	176,601.13		2,675.13	50,426.69	
Refund of Prior Taxes	13,930.35	6,431.77	2,007.61		4,469.18
	<u>16,152,657.29</u>	<u>15,656,170.77</u>	<u>15,285,135.34</u>	<u>15,321,904.77</u>	<u>14,338,562.83</u>
Less: Expenditure Charged to Subsequent Years					<u>45,000.00</u>
Adjusted Expenditures	<u>16,152,657.29</u>	<u>15,656,170.77</u>	<u>15,285,135.34</u>	<u>15,321,904.77</u>	<u>14,293,562.83</u>
Excess in Revenue	77,446.11	236,711.16	116,394.89	383,551.84	503,461.78
Fund Balance, July 1	300,318.75	180,607.59	517,912.70	704,360.86	1,200,899.08
	<u>377,764.86</u>	<u>417,318.75</u>	<u>634,307.59</u>	<u>1,087,912.70</u>	<u>1,704,360.86</u>
Decreased by:					
Utilized as Anticipated Revenue	237,000.00	117,000.00	453,700.00	570,000.00	1,000,000.00
Fund Balance, June 30	<u>\$ 140,764.86</u>	<u>\$ 300,318.75</u>	<u>\$ 180,607.59</u>	<u>\$ 517,912.70</u>	<u>\$ 704,360.86</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

COMPARATIVE STATEMENTS OF MISCELLANEOUS REVENUE REALIZED - CURRENT FUND

Sheet #1

	<u>Balance</u> <u>June 30, 2010</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Balance</u> <u>June 30, 2006</u>
<u>Miscellaneous Revenue</u>					
Licenses:					
Alcoholic Beverages	\$ 5,750.00	\$ 7,150.00	\$ 5,750.00	\$ 5,750.00	\$ 5,750.00
Fees and Permits	24,095.06	32,577.17	35,865.10	40,054.22	43,597.34
Municipal Court	95,555.77	108,136.30	120,807.13	145,855.67	113,262.87
Interest and Costs on Taxes	56,562.65	38,235.99	36,162.09	24,449.74	43,100.07
Municipal Efficiency Promotional Aid			26,937.00		
Legislative Initiative Municipal Block Grant				26,937.00	26,937.00
Consolidated Municipal Property Tax Relief Aid	144,706.00	198,026.00	299,349.00	329,913.00	353,843.00
Energy Receipts Tax (P.L. 1997, Chapter 162 and 167)	662,618.00	621,592.00	565,296.00	534,732.00	510,802.00
Supplemental Energy Receipts Tax			20,981.00	20,981.00	20,981.00
Uniform Construction Code Fees	85,361.45	69,143.13	105,573.00	94,302.00	43,750.00
Extraordinary Aid	120,000.00	250,000.00	325,000.00	150,000.00	50,000.00
New Jersey Transportation Trust Grant				150,000.00	200,000.00
⊞ Clean Communities Program	9,700.85	7,555.98	7,161.64	5,673.49	5,411.25
⊞ Clean Shores	1,223.10				
⊞ CDBG - Edmunds Avenue Phase II		154,316.00			
Municipal Storm Water Grant	2,117.00		2,117.00	2,563.25	
DEP Shore Protection Stable Funding				75,000.00	
DOT Dredging Project				228,500.00	
DOT - Dibling Street	290,000.00				
DOT - Jersey Avenue Improvements	130,000.00	185,000.00			
DWI Funds	16,800.67	6,178.82	5,284.69	8,107.36	
Alcohol Education and Rehabilitation		1,178.00	1,465.89	530.57	567.83
Police - Body Armor Grant	1,562.39	1,696.88	1,523.17	1,473.44	1,420.82
Monmouth County Open Space Grant					200,000.00
Monmouth County CDBG Grant - Pine Street				200,259.00	
Recycling Costs	5,545.65	11,283.00		7,553.95	6,300.88
Recycling Costs - State	7,920.07				
Bayshore DWI Saturation Patrols	12,800.00		1,260.00		
Monmouth Saturation Patrols	9,200.00				12,800.00
Scholer Park Improvements - Phase II	103,000.00				
JCP&L Roadwork Reimbursement				28,565.38	
Cell Tower Rental		56,395.67		44,810.02	20,690.42
Sewer Utility - Operating Surplus		75,000.00	75,000.00	225,000.00	225,000.00
Reserve to Pay Debt Service			104,834.00		26,461.00
Aggressive Driving Grant	6,000.00			5,000.00	
Recycling Tonnage	3,044.69		13,550.85	1,232.02	1,173.64
Municipal Property Tax Assistance Act			17,779.00		

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

COMPARATIVE STATEMENTS OF MISCELLANEOUS REVENUE REALIZED - CURRENT FUND

Sheet #2

	<u>Balance</u> <u>June 30, 2010</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Balance</u> <u>June 30, 2006</u>
<u>Miscellaneous Revenue</u>					
Cell Tower Rental	\$ 69,016.12	\$	\$ 41,222.28	\$	\$
Reserve from Sewer Utility			50,327.11		
TKR Franchise Fees	43,935.00	14,849.00	15,747.00	15,108.00	14,650.00
Traffic Calming Road Project		74,000.00			
Parking Meters	1,985.85				
Reserve Due from General Capital					98,749.30
Smart Growth Grant				18,000.00	
Homeland Security Assistance			50,000.00	50,000.00	50,000.00
Interest on Investments		457.94	16,769.90	21,975.99	43,757.34
	<u>\$ 1,908,500.32</u>	<u>\$ 1,912,771.88</u>	<u>\$ 1,945,762.85</u>	<u>\$ 2,462,327.10</u>	<u>\$ 2,119,005.76</u>
Total Miscellaneous Revenue	<u>\$ 1,908,500.32</u>	<u>\$ 1,912,771.88</u>	<u>\$ 1,945,762.85</u>	<u>\$ 2,462,327.10</u>	<u>\$ 2,119,005.76</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

COMPARATIVE STATEMENT OF BUDGET APPROPRIATIONS - CURRENT FUND

<u>Appropriations</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Balance</u> <u>June 30, 2006</u>
General Government	\$ 907,150.00	\$ 948,625.00	\$ 901,608.00	\$ 847,208.93	\$ 901,906.00
Public Safety	2,459,000.00	2,357,370.00	2,287,850.00	2,142,108.00	2,081,350.00
Public Works	1,060,080.00	1,091,262.08	1,084,201.00	1,105,248.05	1,072,146.00
Health and Welfare	1,016,397.00	1,022,375.00	961,784.00	947,227.00	147,650.00
Uniform Construction Code - Appropriations					
Offset by Dedicated Revenues					
(N.J.A.C. 5:23-4.17)	61,100.00	85,450.00	90,650.00	46,900.00	21,600.00
Unclassified and Contingent	139,300.00	149,750.00	126,759.00	108,500.00	114,500.00
Statutory Expenditures - Social Security					
and Pensions	399,082.61	393,703.00	238,356.00	226,787.00	206,786.00
∞ Maintenance of Free Public Library	34,500.00	34,500.00	34,000.00	33,000.00	31,000.00
∞ Other Operations	227,389.39	6,000.00	316,015.00	148,500.00	865,025.00
∞ Public and Private Programs	303,368.77	429,925.68	18,812.39	696,339.13	221,373.54
Capital Improvements	326,300.00	59,750.00	71,000.00	40,000.00	389,000.00
Debt Service	920,702.73	916,277.92	1,059,664.36	1,012,681.86	904,622.69
Deferred Charges	13,663.92	15,333.24	12,658.11	52,416.73	45,806.66
	<u>\$ 7,868,034.42</u>	<u>\$ 7,510,321.92</u>	<u>\$ 7,203,357.86</u>	<u>\$ 7,406,916.70</u>	<u>\$ 7,002,765.89</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

COMPARATIVE BALANCE SHEETS - TRUST FUND

<u>ASSETS</u>	<u>Balance June 30, 2010</u>	<u>Balance June 30, 2009</u>	<u>Balance June 30, 2008</u>	<u>Balance June 30, 2007</u>	<u>Balance June 30, 2006</u>
<u>Dog License Fund</u>					
Deferred Charges - Deficit in Operations	\$ 9,245.12	\$ 4,663.92	\$ 6,333.24	\$ 3,658.11	\$ 3,416.73
<u>Payroll</u>					
Cash	27,126.92	48,365.68	15,176.62	23,814.19	42,615.20
<u>Unemployment Trust</u>					
Cash	3,347.43	3,347.43	3,347.43	3,347.43	11,857.49
<u>Trust - Other</u>					
Cash	103,506.15	91,968.73	138,001.39	412,151.08	374,262.14
Due from Current Fund	13,462.30	34,167.03	15,272.66	22,251.19	6,078.22
	<u>116,968.45</u>	<u>126,135.76</u>	<u>153,274.05</u>	<u>434,402.27</u>	<u>380,340.36</u>
	<u>\$ 156,687.92</u>	<u>\$ 182,512.79</u>	<u>\$ 178,131.34</u>	<u>\$ 465,222.00</u>	<u>\$ 438,229.78</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
<u>Dog License Fund</u>					
Due to Current Fund	\$ 9,245.12	\$ 4,663.92	\$ 6,333.24	\$ 3,658.11	\$ 3,416.73
<u>Payroll</u>					
Reserve for Payroll Agency	27,126.92	48,365.68	15,176.62	23,814.19	42,615.20
<u>Unemployment Trust</u>					
Due to Current					142.00
Reserve for Unemployment	3,347.43	3,347.43	3,347.43	3,347.43	11,715.49
	<u>3,347.43</u>	<u>3,347.43</u>	<u>3,347.43</u>	<u>3,347.43</u>	<u>11,857.49</u>
<u>Trust - Other</u>					
Reserve for Performance Escrow	74,820.78	86,934.02	58,466.75	83,924.75	74,072.95
Reserve for Tax Title Liens	3,117.26	3,712.71	4,012.71	3,092.71	2,729.82
Reserve for Regional Contribution Agreement				294,526.28	286,920.68
Reserve for Law Enforcement Trust	6,686.14	4,091.33	6,947.53	3,418.32	1,676.79
Reserve for Tax Premium	18,050.57	13,805.24	68,500.00	37,600.00	8,600.00
Reserve for Special Duty Police	831.40		74.40	524.40	261.90
Reserve for Various Reserves	13,462.30	17,592.46	15,272.66	11,315.81	6,078.22
	<u>116,968.45</u>	<u>126,135.76</u>	<u>153,274.05</u>	<u>434,402.27</u>	<u>380,340.36</u>
	<u>\$ 156,687.92</u>	<u>\$ 182,512.79</u>	<u>\$ 178,131.34</u>	<u>\$ 465,222.00</u>	<u>\$ 438,229.78</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

COMPARATIVE BALANCE SHEETS - GENERAL CAPITAL FUND

<u>ASSETS</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Balance</u> <u>June 30, 2006</u>
Cash	\$ 29,009.01	\$ 29,009.01	\$ 29,009.01	\$	\$
Grants Receivable	129,524.83	129,524.83	129,524.83	309,524.83	89,524.83
Due from Current Fund	194,553.63	126,523.86	210,489.90	754,635.00	621,771.66
Due from Federal and State Grants Fund	120,990.99	120,990.99	120,990.99		
Due from Sewer Capital Fund	30,139.73	30,139.73	30,139.73		
Deferred Charges to Future Taxation:					
Funded	3,154,706.44	3,481,011.95	3,784,092.49	4,213,271.57	3,658,580.44
Unfunded	<u>5,416,475.00</u>	<u>5,320,025.00</u>	<u>5,106,725.00</u>	<u>4,829,875.00</u>	<u>4,667,275.00</u>
	<u>\$ 9,075,399.63</u>	<u>\$ 9,237,225.37</u>	<u>\$ 9,410,971.95</u>	<u>\$ 10,107,306.40</u>	<u>\$ 9,037,151.93</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>					
Serial Bonds	\$ 1,690,000.00	\$ 2,060,000.00	\$ 2,430,000.00	\$ 2,800,000.00	\$ 3,170,000.00
Bond Anticipation Notes	5,673,750.00	5,485,150.00	5,073,300.00	5,325,600.00	4,067,000.00
N.J. Environmental Infrastructure Loan					
Payable	370,329.44	401,199.66	432,529.67	464,319.46	488,580.44
Capital Improvement Fund	5,346.70	896.70	3,296.70	6,146.70	546.70
Improvement Authorizations:					
Funded	77,530.77	75,780.77	77,280.77	78,780.77	110,480.77
Unfunded	158,081.00	188,401.23	467,017.27	378,673.36	700,544.02
Green Acres Loan	1,094,377.00	1,019,812.29	921,562.82	948,952.11	500,000.00
Reserve for Debt Service	<u>5,984.72</u>	<u>5,984.72</u>	<u>5,984.72</u>	<u>104,834.00</u>	<u></u>
	<u>\$ 9,075,399.63</u>	<u>\$ 9,237,225.37</u>	<u>\$ 9,410,971.95</u>	<u>\$ 10,107,306.40</u>	<u>\$ 9,037,151.93</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

COMPARATIVE BALANCE SHEETS - SEWER UTILITY FUND

Sheet #1

<u>ASSETS</u>	Balance <u>June 30, 2010</u>	Balance <u>June 30, 2009</u>	Balance <u>June 30, 2008</u>	Balance <u>June 30, 2007</u>	Balance <u>June 30, 2006</u>
<u>Sewer Operating</u>					
Cash - Checking	\$ 1.44	\$	\$ 121,719.96	\$	\$ 202,136.30
Other Accounts Receivable		16,200.00		168,897.84	27,658.00
Due from Current Fund		193.02	35,758.68		49,271.36
Deferred Charges - Emergency Appropriation	<u>281,000.00</u>	<u>65,000.00</u>	<u></u>	<u>119,122.72</u>	<u></u>
	<u>281,001.44</u>	<u>81,393.02</u>	<u>157,478.64</u>	<u>288,020.56</u>	<u>279,065.66</u>
⊞ Receivables with Full Reserves:					
⊞ Sewer Rents Receivable	<u>104,904.55</u>	<u>98,052.26</u>	<u>45,211.92</u>	<u>45,211.92</u>	<u>27,527.30</u>
⊞ Total Sewer Operating	<u>385,905.99</u>	<u>179,445.28</u>	<u>202,690.56</u>	<u>333,232.48</u>	<u>306,592.96</u>
<u>Sewer Capital</u>					
Due from Sewer Operating	20,000.00	20,000.00	20,000.00	20,000.00	15,000.00
Due from Current Fund	90,000.00	90,000.00	90,000.00	90,000.00	
Fixed Capital Authorized and Uncompleted	100,000.00	100,000.00	100,000.00	100,000.00	
Fixed Capital	<u>2,013,325.50</u>	<u>2,013,325.50</u>	<u>2,013,325.50</u>	<u>2,013,325.50</u>	<u>1,956,776.71</u>
Total Sewer Capital	<u>2,223,325.50</u>	<u>2,223,325.50</u>	<u>2,223,325.50</u>	<u>2,223,325.50</u>	<u>1,971,776.71</u>
	<u>\$ 2,609,231.49</u>	<u>\$ 2,402,770.78</u>	<u>\$ 2,426,016.06</u>	<u>\$ 2,556,557.98</u>	<u>\$ 2,278,369.67</u>

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

COMPARATIVE BALANCE SHEETS - SEWER UTILITY FUND

Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	Balance <u>June 30, 2010</u>	Balance <u>June 30, 2009</u>	Balance <u>June 30, 2008</u>	Balance <u>June 30, 2007</u>	Balance <u>June 30, 2006</u>
<u>Sewer Operating</u>					
Appropriation Reserves	\$ 29,180.59	\$ 1,980.66	\$ 13,697.75	\$ 21,484.81	\$ 28,358.26
Due to Current Fund	172,019.93			50,327.11	
Accrued Interest on Notes	465.00	596.46	596.46		
Due to Sewer Capital	20,000.00	20,000.00	20,000.00	20,000.00	15,000.00
Sewer Overpayment	<u>2,463.07</u>	<u>2,056.17</u>	<u>2,056.17</u>	<u>2,056.17</u>	<u>2,056.17</u>
	224,128.59	24,633.29	36,350.38	93,868.09	45,414.43
Reserve for Receivables	104,904.55	98,052.26	45,211.92	45,211.92	27,527.30
Fund Balance	<u>56,872.85</u>	<u>56,759.73</u>	<u>121,128.26</u>	<u>194,152.47</u>	<u>233,651.23</u>
Total Sewer Operating	<u>385,905.99</u>	<u>179,445.28</u>	<u>202,690.56</u>	<u>333,232.48</u>	<u>306,592.96</u>
<u>Sewer Capital</u>					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00	20,000.00	15,000.00
Due to Federal and State Grant Fund	59,860.27	59,860.27	59,860.27	59,860.27	
Bond Anticipation Note Payable	100,000.00	100,000.00	100,000.00	100,000.00	
Due to General Capital Fund	30,139.73	30,139.73	30,139.73		
Improvement Authorization - Unfunded				30,139.73	
Reserve for Amortization	145,828.69	122,009.76	98,923.10	77,238.74	
USDA Loan Payable	<u>1,867,496.81</u>	<u>1,891,315.74</u>	<u>1,914,402.40</u>	<u>1,936,086.76</u>	<u>1,956,776.71</u>
Total Sewer Capital	<u>2,223,325.50</u>	<u>2,223,325.50</u>	<u>2,223,325.50</u>	<u>2,223,325.50</u>	<u>1,971,776.71</u>
	<u>\$ 2,609,231.49</u>	<u>\$ 2,402,770.78</u>	<u>\$ 2,426,016.06</u>	<u>\$ 2,556,557.98</u>	<u>\$ 2,278,369.67</u>

The accompanying Notes to Financial Statements are an integral part of this statements.

BOROUGH OF UNION BEACH
COUNTY OF MONMOUTH, NEW JERSEY

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

	<u>Balance</u> <u>June 30, 2010</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Balance</u> <u>June 30, 2006</u>
<u>Revenue and Other Income Realized</u>					
Sewer Service Charge	\$1,007,188.90	\$1,032,645.06	\$1,000,869.01	\$1,122,925.09	\$ 972,509.22
Bayshore Regional Sewerage Authority - Host Fees	13,680.00	11,115.00	9,461.28	12,579.72	12,579.72
Nonbudget Revenue	10,424.24	7,206.02	8,365.98	6,632.17	4,659.02
Other Credits to Income:					
Budget Appropriations Cancelled	12,484.32	682.64	21,244.71	6.00	200,006.00
Appropriation Reserves Lapsed	1,980.66	13,697.75	21,484.81	28,358.26	3,633.73
	<u>1,045,758.12</u>	<u>1,065,346.47</u>	<u>1,061,425.79</u>	<u>1,170,501.24</u>	<u>1,193,387.69</u>
 <u>Expenditures</u>					
Budget Appropriations:					
Operating	1,140,470.00	998,540.00	813,152.00	962,222.72	844,000.00
Debt Service	117,675.00	117,675.00	117,675.00	113,400.00	113,400.00
Capital Outlay			5,000.00	15,000.00	25,000.00
Deferred Charges and Statutory Expenditures	68,500.00	3,500.00	123,623.00	13,500.00	17,500.00
Surplus Anticipated in Current Fund		75,000.00	75,000.00	225,000.00	225,000.00
	<u>1,326,645.00</u>	<u>1,194,715.00</u>	<u>1,134,450.00</u>	<u>1,329,122.72</u>	<u>1,224,900.00</u>
Less: Expenditures to be Raised in Subsequent Years Budget	<u>281,000.00</u>	<u>65,000.00</u>	<u> </u>	<u>119,122.72</u>	<u> </u>
Adjusted Expenditures	<u>1,045,645.00</u>	<u>1,129,715.00</u>	<u>1,134,450.00</u>	<u>1,210,000.00</u>	<u>1,224,900.00</u>
Excess (Deficit) in Revenue	113.12	(64,368.53)	(73,024.21)	(39,498.76)	(31,512.31)
Fund Balance, July 1	<u>56,759.73</u>	<u>121,128.26</u>	<u>194,152.47</u>	<u>233,651.23</u>	<u>265,163.54</u>
Fund Balance, June 30	<u>\$ 56,872.85</u>	<u>\$ 56,759.73</u>	<u>\$ 121,128.26</u>	<u>\$ 194,152.47</u>	<u>\$ 233,651.23</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF UNION BEACH – COUNTY OF MONMOUTH

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

NOTE 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Union Beach, County of Monmouth, New Jersey (the “Borough”), include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Union Beach as required by N.J.S. 40A:5-5.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles. GASB Codification establishes seven major fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

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

Current Fund – resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Dog Trust Fund – dog license revenues and expenditures.

Trust Other Funds – sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

General Capital Fund – receipt and disbursement of funds for the acquisition of general capital facilities, other than those required in the Current Fund.

Sewer Operating Fund – revenue and expenditures necessary to operate a municipally owned sewer supply system from user fees. The Borough only has a sewer system.

Public Assistance Fund – receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Property Taxes and Other Revenues – property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant Revenues – Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures – unexpended or uncommitted appropriations at June 30, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

Encumbrances – contractual orders at June 30 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

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

Deferred Charges – the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at June 30, 2008 is set forth in Note 8.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences – expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation. (See Note 4).

Property Acquired for Taxes – is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the general fixed assets account group at its market value.

Interfunds – advances from the Current Fund are reported as interfund receivables with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires that the cost of inventories be reflected on the balance sheet until utilized and expended.

General Fixed Assets – In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division, which differs in certain respects from GAAP, the Borough is required to develop a fixed assets accounting and reporting system.

Fixed assets in governmental operations (general fixed assets) are required to be 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.

Depreciation is not recorded in the General Fixed Assets Account Group.

Expenditures for construction in progress are required to be 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 have not been accounted for separately.

D. Basic Financial Statements

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. 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 represents amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

F. Reporting Entity

GASB Statement 14 establishes criteria to be used to determine component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Borough to be reported separately.

NOTE 2: Cash and Cash Equivalents

A. 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 or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

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

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

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The carrying amount of the Borough's deposits at year-end, was \$1,612,809. Of this amount \$100,000.00 was covered by Federal depository insurance and the remaining \$1,512,809 was covered by a collateral pool maintained by the banks as required by New Jersey statute.

NOTE 2: Cash and Cash Equivalents (Continued)

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Borough:

- 1) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- 2) Government money market mutual funds.
- 3) 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.
- 4) Bonds or other obligations of the Borough, or bonds or other obligations of school districts of which the Borough is a part or within which the school district is located.
- 5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- 6) Municipal investment pools.
- 7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281; or
- 8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the Borough shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Other than cash equivalents that would otherwise qualify as investments, except for their maturity or the withdrawal provisions of their deposit, the Borough had no investments in qualified securities at June 30, 2010.

NOTE 2: Cash and Cash Equivalents (Continued)

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The Chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report and shall include, at a minimum, the specific detailed information as set forth in the statute.

D. Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Insured:		
FDIC	\$ 100,000	100,000
GUDPA	<u>1,512,809</u>	<u>2,246,845</u>
	<u>\$ 1,612,809</u>	<u>2,346,845</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year, the Borough 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 Borough.

NOTE 3: Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal and utility capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance 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 one year. 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 at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid of the notes are to be renewed beyond the fourth anniversary date of the original issuance. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

Long-Term Debt

General Capital Fund Bonds

Variable Rate Fiscal Year Adjustment Bonds (4% to 7%) Issued April 1, 1992 through April 1, 2012	\$ 240,000.00
4.30% General Improvement Bonds Issued January 15, 2001 through January 15, 2015	<u>1,450,000.00</u>
	<u>\$ 1,690,000.00</u>

Sewer Utility Fund

U.S.D.A. Loan Interest Rate 4.75% Issued July 17, 2002 Through July 17, 2043	<u>\$ 1,867,496.81</u>
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Mandatory Sinking Fund Redemption – The Bonds maturing on April 1, 2012 are subject to mandatory sinking fund redemption on April 1, 2003 and on each April 1 thereafter, at the principal amount thereof, plus accrued interest to the date of redemption.

The debt principal and interest requirements for the long term debt during the next five fiscal years are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>General Capital Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 395,000.00	78,670.00
2012	395,000.00	58,685.00
2013	300,000.00	38,700.00
2014	300,000.00	25,800.00
2015	<u>300,000.00</u>	<u>12,900.00</u>
	<u>\$1,690,000.00</u>	<u>214,755.00</u>

NOTE 3: Debt (Continued)

<u>Year Ending</u> <u>June 30</u>	<u>N.J. Environmental Infrastructure Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 30,410.44	10,137.50
2012	29,950.65	9,387.50
2013	30,490.87	8,637.50
2014	29,031.08	7,887.50
2015	36,559.90	7,012.50
2016-2020	173,853.26	19,637.50
2021	<u>40,533.24</u>	<u>656.25</u>
	<u>\$ 370,329.44</u>	<u>63,356.25</u>

<u>Year Ending</u> <u>June 30</u>	<u>Sewer Utility Fund – U.S.D.A. Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 24,963.76	88,706.10
2012	26,163.52	87,520.32
2013	27,421.15	86,277.55
2014	28,739.13	84,975.05
2015	30,120.44	83,609.94
2016-20	173,760.65	395,163.02
2021-25	219,370.66	349,766.74
2026-30	277,862.39	292,368.49
2031-35	351,373.45	219,720.15
2036-2040	444,632.51	127,852.03
2041-2043	<u>263,389.15</u>	<u>22,753.36</u>
	<u>\$ 1,867,496.81</u>	<u>1,838,712.74</u>

NOTE 4: Accrued Sick and Vacation Benefits

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 Borough's liability related to unused vacation and sick pay. The Borough permits certain employees within limits 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. The estimated current cost of such unpaid compensation is not available. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

NOTE 5: Fund Balances Appropriated

The fund balance at June 30, 2010 which was appropriated and included as anticipated revenue in the year ending June 30, 2011 as follows:

Current Fund:	
Fund Balance	\$ 77,147.00

NOTE 6: Assessment and Collections of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (Board) by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District and County, the tax rate is struck by the 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 Borough Tax Collector (Collector) on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on August 1st and November 1st, and the final payments are due and payable on February 1st and May 1st. The N.J. statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien on real estate as of July 1st of the current tax year even though the amount due is not known.

NOTE 7: Deferred Charges to Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost 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 the New Jersey Statutes Annotated 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 8: Pensions

A. Plan Description

Employees of the Borough are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employee's Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey, which are administered by the New Jersey Division of Pensions and Benefits. These plans provide retirement, disability, annual cost of living adjustments and death benefits to plan members. Each plan has a Board of Trustees that implement benefit provisions which are established and amended by State statute. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, NJ 08625-0295

As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

NOTE 8: Pensions (Continued)

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 62, P.L.1994, plan members enrolled in the Public Employees' Retirement System are required to contribute 5% of their annual covered salary. In accordance with Chapter 204, P.L. 1989, plan members enrolled in the Police and Firemen's Retirement Systems are required to contribute 8.5% of their annual covered salary. Contributions during the last three years for the plans are as follows from the Borough.

	<u>PERS</u>	<u>PFRS</u>
2009-2010	\$ 108,155	190,609
2008-2009	60,054	93,649
2007-2008	90,466	137,492

NOTE 9: Sewer Utility

The Borough in fiscal year 2002, established a self liquidating sewer utility fund. This was an agreement with the federal government to fund the rehabilitation of the Borough's sewer system.

NOTE 10: Interfunds Receivable and Payable

The following interfund balances remained on the balance sheet at June 30, 2010:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 181,265.05	469,126.35
Trust Other	13,462.30	
Sewer Operating		192,019.93
Dog Trust		9,245.12
General Capital	345,684.35	
Federal and State Grant Fund	230,970.69	120,990.99
Sewer Capital	<u>110,000.00</u>	<u>90,000.00</u>
Total	<u>\$ 881,382.39</u>	<u>881,382.39</u>

NOTE 11: Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years.

	<u>Balance</u> <u>June 30, 2009</u>	<u>Amount</u> <u>Resulting</u> <u>From</u> <u>SFY 2010</u>	<u>2010 SFY</u> <u>Budget</u>	<u>Balance</u> <u>June 30, 2010</u>
Current Fund:				
Special Emergency				
40A:4-53	\$ 18,000.00		9,000.00	9,000.00
Dog Trust:				
Deficit in Dog Fund	<u>4,663.92</u>	<u>9,245.12</u>	<u>4,663.92</u>	<u>9,245.12</u>
Total	<u>\$ 22,663.92</u>	<u>9,245.12</u>	<u>13,663.92</u>	<u>18,245.12</u>

NOTE 12: Contingencies

It is the opinion of the Borough officials that there is no litigation threatened or pending that would materially affect the financial position of the Borough or adversely affect the Borough to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

Negligence and other types of liability suits of which the Borough is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

NOTE 13: Recent Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the Borough has updated references to GAAP in its financial statements issued for the period ended December 31, 2009. The adoption of FASB ASC 105 did not impact the Borough's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The Borough adopted the amended sections of ASC 855 and it did not have an impact on the Borough's financial statements. The Borough evaluated all events or transactions that occurred after June 30, 2010 through January 25, 2011.

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of July __, 2011 by the Borough of Union Beach, New Jersey, a political subdivision duly organized under the laws of the State of New Jersey (the “Issuer”).

WITNESSETH:

WHEREAS, the Issuer is issuing its General Obligation Bonds, Series 2011 dated July __, 2011 in the aggregate principal amount of \$2,319,000 (the “Bonds”) on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to bond ordinances adopted by the Issuer and a certificate signed by the Issuer on June __, 2011; and

WHEREAS, the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (codified on the date hereof at 15 U.S.C. 77 *et seq.*) (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (codified at 17 C.F.R. § 240.15c2-12) (“Rule 15c2-12”) effective July 3, 1995 which generally prohibit a broker, dealer, or municipal securities dealer from purchasing or selling municipal securities, such as the Bonds, unless such broker, dealer or municipal securities dealer has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board; and

WHEREAS, the Issuer represented in its Notice of Sale dated June 16, 2011 (the “Notice of Sale”) that it would deliver on the closing date for the Bonds a “Continuing Disclosure Certificate” pursuant to which the Issuer will agree to provide certain financial and operating data, and timely notice of certain material events required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on June __, 2011, the Issuer accepted the bid of _____, on behalf of itself and each of the original underwriters for the Bonds (the “Participating Underwriter”) for the purchase of the Bonds; and

WHEREAS, the execution and delivery of this Certificate has been duly authorized by the Issuer and all conditions, acts and things necessary and required to exist, to have happened, or to have been performed precedent to and in the execution and delivery of this Certificate, do exist, have happened and have been performed in regular form, time and manner; and

WHEREAS, the Issuer is executing this Certificate for the benefit of the Holders of the Bonds.

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the Issuer, its successors and assigns, do mutually promise, covenant and agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Terms Defined in Recitals. The following terms shall have the meanings set forth in the recitals hereto:

Bonds	Participating Underwriter
Issuer	Rule 15c2-12
Notice of Sale	SEC
	Securities and Exchange Act

Section 1.2 Additional Definitions. The following additional terms shall have the meanings specified below:

“Annual Report” means Financial Statements and Operating Data provided at least annually.

“Bondholder” or “holder” or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including holders of beneficial interests in the Bonds.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York or in the State of New Jersey are authorized or required by law to close or (c) a day on which the New York Stock Exchange is closed.

“Disclosure Event” means any event described in subsection 2.1(d) of this Certificate.

“Disclosure Event Notice” means the notice to the MSRB as provided in subsection 2.4(a).

“Disclosure Representative” means the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

“Dissemination Agent” means an entity acting in such capacity under this Certificate or any other successor entity designated in writing by the Issuer and which has filed a written acceptance of such designation.

“Final Official Statement” means the final Official Statement of the Issuer dated June __, 2011 pertaining to the Bonds.

“Financial Statements” means the audited financial statements of the Issuer for each Fiscal Year and includes balance sheets, statements of changes in fund balances and statements of current funds, revenues, expenditures and other charges or statements which convey similar information.

“Fiscal Year” means the fiscal year of the Issuer. As of the date of this Certificate, the Fiscal Year of the Issuer begins on July 1 and closes on June 30 of each calendar year.

“GAAS” means generally accepted auditing standards as in effect from time to time, consistently applied.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Operating Data” means the financial and statistical information of the Issuer of the type included in the Final Official Statement contained in Appendix A under the headings “Real Property Classification 2006-2010 (Assessed Valuation)”, “Assessed Valuation and Tax Rates”, “Comparison of Components of Tax Rate”, “Tax Collection Experience”, “Debt Statement as of June 30, 2010”, “Remaining Statutory Borrowing Power”, “Underlying Debt - June 30, 2010” and “Gross Debt Compared With True Value.”

“State” means the State of New Jersey.

Section 1.3 Interpretation. Words of masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Certificate. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Certificate, refer to this Certificate as a whole unless otherwise expressly stated.

As the context shall require, the disjunctive term “or” shall be interpreted conjunctively as required to insure that the Issuer performs any obligations, mentioned in the passage in which such term appears.

The headings of this Certificate are for convenience only and shall not defined or limit the provisions hereof.

ARTICLE II

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

Section 2.1 Continuing Disclosure Covenants of the Issuer. The Issuer agrees that it will provide, or shall cause the Dissemination Agent to provide:

(a) Not later than nine months after the end of each Fiscal Year, commencing with the Fiscal Year of the Issuer ending June 30, 2011, an Annual Report to the MSRB;

(b) Not later than fifteen (15) days prior to the date of each year specified in subsection 2.1(a), a copy of the Annual Report to the Dissemination Agent, if the Issuer has appointed or engaged a Dissemination Agent;

(c) If audited Financial Statements are not submitted as part of the filing as set forth in subsection 2.1(a), the Issuer will submit unaudited financial statements with such filing, and will subsequently submit audited Financial Statements when and if available, to the MSRB;

(d) In a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events (hereinafter defined), to the MSRB, notice of any of the following events with respect to the Bonds (each, a “Disclosure Event”);

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;

- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Authority;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, 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
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(e) In a timely manner, to the MSRB, notice of a failure by the Issuer to provide the Annual Report within the period described in subsection 2.1(a) hereof.

Section 2.2 Continuing Disclosure Representations. The Issuer represents and warrants that:

(a) Financial Statements shall be prepared according to principles prescribed by the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey pursuant to chapter 5 of Title 40A of the New Jersey Statutes as in effect from time to time.

(b) Financial Statements prepared annually shall be audited in accordance with GAAS.

Section 2.3 Form of Annual Report.

(a) The Annual Report may be submitted as a single document or as separate documents comprising a package.

(b) Any or all of the items which must be included in the Annual Report may be incorporated by reference from other documents, including official statements of the Issuer or related public entities which have been submitted to MSRB or filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(c) The audited Financial Statements of the Issuer, if any, may be submitted separately from the balance of the Annual Report.

Section 2.4 Responsibilities, Duties, Immunities and Liabilities of the Dissemination Agent.

If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of such occurrence with the MSRB (the “Disclosure Event Notice”) in the form provided by the Issuer.

Section 2.5 Appointment, Removal and Resignation of the Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carry out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liability 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 attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s negligence or willful misconduct. The obligations of the Issuer under this subsection shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Issuer. Such resignation shall take effect on the date specified in such notice.

ARTICLE III

DISCLOSURE DEFAULT AND REMEDIES

Section 3.1 Disclosure Default. The occurrence and continuation of a failure or refusal by the Issuer to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Certificate and such failure or refusal shall remain uncured for a period of thirty (30) days shall constitute a Disclosure Default hereunder.

Section 3.2 Remedies on Default.

(a) Any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Issuer and of the officers, agents and employees of the Issuer which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Issuer under this Certificate and may compel the Issuer or any such officers, agents, or employees, except of the Dissemination Agent, to perform and carry out their duties under this Certificate; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(b) In case any Bondholder shall have proceeded to enforce its rights under this Certificate and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to any Bondholder, then and in every such case the Issuer and any Bondholder shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer and any Bondholder shall continue as though no such proceeding had been taken.

(c) A default under this Certificate shall not be deemed a default under the Bonds, and the sole remedy under this Certificate in the event of any failure or refusal by the Issuer to comply with this Certificate shall be as set forth in subsection 3.2(a) of this Certificate.

ARTICLE IV

MISCELLANEOUS

Section 4.1 Purposes of the Continuing Disclosure Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2 Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (a) disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or (b) including any other information in any Annual Report or any Disclosure Event Notice, in addition to that which is required by this Certificate. If the Issuer chooses to include information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or any future Disclosure Event Notice.

Section 4.3 Notices. All notices required to be given or authorized shall be in writing and shall be sent by registered or certified mail to the Issuer, 650 Poole Avenue, Union Beach, New Jersey 07735, Attention: Joseph J. Faccone.

Section 4.4 Severability. If any provision of this Certificate shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4.5 Amendments, Changes and Modifications.

(a) Without the consent of any Bondholders, the Issuer at any time and from time to time may enter into any amendments or modifications to this Certificate for any of the following purposes:

- (i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;
- (ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or

- (iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Certificate which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification.

provided, that prior to approving any such amendment or modification, the Issuer determines that such amendment or modifications does not adversely affect the interests of the Holders of the Bonds in any material respect.

(b) Upon entering into any amendment or modification required or permitted by this Certificate, the Issuer shall deliver, or cause the dissemination Agent to deliver, to the MSRB written notice of any such amendment or modification.

(c) The Issuer shall be entitled to rely exclusively upon an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.5.

Section 4.6 Amendments Required by Rule 15c2-12. The Issuer recognizes that the provisions of this Certificate are intended to enable the participating Underwriters to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof, a change in this Certificate shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery by any Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendment shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the Issuer shall amend this Certificate to comply with and be bound by any such amendment to this Certificate to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the written notice of such amendment as required by subsection 4.5(b) hereof.

Section 4.7 Governing Law. This Certificate shall be governed exclusively by and construed in accordance with the applicable laws of the State of New Jersey.

Section 4.8 Termination of Issuer's Continuing Disclosure Obligations. The continuing obligation of the Issuer under Section 2.1 hereof to provide the Annual Report and any Disclosure Event Notice and to comply with the other requirements of said Section shall terminate if and when either (a) the Bonds are no longer outstanding or (b) the Issuer no longer remains an "obligated person" (as defined in Rule 15c2-12(f)(10) with respect to the Bonds in either event, only after the Issuer delivers, or causes the Dissemination Agent to deliver, to the MSRB written notice to such effect. This Certificate shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are Outstanding.

Section 4.9 Binding Effect. This Certificate shall inure to the benefit of and shall be binding upon the Issuer and its successors and assigns.

IN WITNESS WHEREOF, THE BOROUGH OF UNION BEACH, NEW JERSEY
has caused this Certificate to be executed in its name and its corporate seal to be hereunto
affixed, all as of the date first above written.

[SEAL]

BOROUGH OF UNION BEACH, NEW JERSEY

By: _____
Joseph J. Faccone, Chief Financial Officer

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

July __, 2011

Mayor and Borough Council
Borough of Union Beach
650 Poole Avenue
Union Beach, New Jersey 07735

Dear Mayor and Council Members:

We have examined certified copies of the proceedings of the Mayor and Council of the Borough of Union Beach, in the County of Monmouth, State of New Jersey (the “Borough”), including ordinances, affidavits and certificates delivered by officials of the Borough, and other proofs submitted to us relative to the issuance and sale by the Borough of its \$2,319,000 General Obligation Bonds, Series 2011 (the “Bonds”), dated the date of delivery.

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the “Local Bond Law”), a resolution of the Borough adopted June 16, 2011 (the “Resolution”) and various bond ordinances of the Borough, in all respects duly adopted by the Mayor and Council of the Borough (the “Bond Ordinances”).

Each of the Bonds is dated the date of delivery, bears interest at the interest rate set forth on the cover page of the Official Statement relating to the Bonds and matures on the dates and in the principal amounts as set forth below:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
July 1, 2012	\$100,000	July 1, 2020	\$160,000
July 1, 2013	105,000	July 1, 2021	160,000
July 1, 2014	115,000	July 1, 2022	160,000
July 1, 2015	139,000	July 1, 2023	170,000
July 1, 2016	150,000	July 1, 2024	200,000
July 1, 2017	150,000	July 1, 2025	200,000
July 1, 2018	150,000	July 1, 2026	200,000
July 1, 2019	160,000		

The Bonds are subject to redemption prior to maturity.

We have examined the Local Bond Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond Law, and other applicable provisions of law, and that the Bonds have been duly authorized, executed and delivered and are a valid and legally binding obligation of the Borough.

2. The Borough has the power and is obligated to levy ad valorem taxes upon all the taxable property within the Borough for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

3. Under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax.

4. Under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our Federal income tax opinion, we note that the Code imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes under Section 103 of the Code. The Borough has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or permit any action to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. We have assumed continuing compliance by the Borough with the above covenants in rendering our opinion with respect to the exclusion of interest on the Bonds from gross income for Federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Borough other than the certified copies of the proceedings and proofs hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Bonds.

Our opinion concerning the enforceability of the Bonds is subject to federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions stated herein are based upon current authorities, and there can be no assurance that future legislative or administrative changes or court decisions will not affect said opinions. We undertake no obligation to inform you of any matter occurring after the date of this letter which affects in any way the opinion given herein.

Except as stated above, we express no opinion as to any Federal or state tax consequences with respect to the Bonds.

Very truly yours,

Gibbons P.C.