

PRELIMINARY OFFICIAL STATEMENT DATED JULY 25, 2011

RATING ON THE BONDS:
Standard & Poor's: “___”
(See “RATING” herein)

NEW ISSUE (BOOK-ENTRY ONLY)

In the opinion of DeCotiis, FitzPatrick & Cole, LLP, Bond Counsel, assuming continuing compliance by the Borough of Point Pleasant Beach (the “Borough”) with certain covenants described herein, under current law, interest on the Bonds and Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (“Code”), for purposes of computing the federal alternative minimum tax; however, interest on the Bonds and Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Bonds and Notes in “adjusted current earnings”. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds and Notes. Further, in the opinion of Bond Counsel, under current law interest on the Bonds and Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

BOROUGH OF POINT PLEASANT BEACH
IN THE COUNTY OF OCEAN,
STATE OF NEW JERSEY

\$6,177,000
GENERAL IMPROVEMENT BONDS
SERIES 2011

\$4,468,000
BOND ANTICIPATION NOTES
SERIES 2011

DATED: DATE OF DELIVERY
DUE: AUGUST 1, AS SHOWN ON THE
INSIDE FRONT COVER

DATED: AUGUST 12, 2011
DUE: AUGUST 10, 2012

CALLABLE
NOT BANK QUALIFIED

NON-CALLABLE
NOT BANK QUALIFIED

The \$6,177,000 General Improvement Bonds, Series 2011 (the “Bonds”) and \$4,468,000 Bond Anticipation Notes, Series 2011 (the “Notes”, and, collectively with the Bonds, the “Obligations”) of the Borough of Point Pleasant Beach, in the County of Ocean, New Jersey (the “Borough”), are secured by a pledge of the full faith and credit of the Borough for payment of the principal thereof and interest thereon. The Obligations are payable, if not paid from other sources, from ad valorem taxes which may be assessed upon all the taxable property within the Borough without limitation as to rate or amount.

The Obligations shall be issued as fully registered securities, one for each maturity of the Obligations, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Obligations may be in book-entry from only on the records of DTC and its Participants in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof, as described herein. Beneficial Owners of the Obligations will not receive certificates representing their interests in the Obligations. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Obligations. See “BOOK-ENTRY ONLY SYSTEM” herein.

Principal on the Bonds is payable on August 1 in each of the years set forth on the inside front cover hereof. Interest on the Bonds will be paid semiannually on the 1st day of February and August in each year until maturity or earlier redemption, commencing on February 1, 2012. As long as DTC or its nominee Cede & Co. is the registered owner of the Bonds, payment of the principal of and interest on the Bonds will be made by the Borough directly to DTC or its nominee Cede & Co. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 15 and July 15, the “Record Dates” for the payment of interest on the Bonds.

The Bonds are subject to redemption prior to maturity. See “THE BONDS – Prior Redemption” herein.

Interest on the Notes will be payable at maturity on August 10, 2012. Principal and interest on the Notes will be paid to DTC by the Borough. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity.

The Obligations 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 DeCotiis, FitzPatrick & Cole, LLP, Teaneck, New Jersey, and certain other conditions described herein. It is expected that the Obligations will be available for delivery to DTC on or about August 12, 2011.

ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA PARITY
UNTIL 11:00 A.M. ON AUGUST 3, 2011

ELECTRONIC (VIA PARITY) AND FAXED SUBMISSIONS FOR THE NOTES WILL BE RECEIVED
UNTIL 11:30 A.M. ON AUGUST 3 2011

\$6,177,000 GENERAL IMPROVEMENT BOND, SERIES 2011

**Maturity Schedule
Interest Rates and Yields**

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>
2012	\$200,000			2022	\$350,000		
2013	200,000			2023	350,000		
2014	200,000			2024	350,000		
2015	225,000			2025	350,000		
2016	225,000			2026	350,000		
2017	240,000			2027	350,000		
2018	250,000			2028	400,000		
2019	300,000			2029	400,000		
2020	315,000			2030	400,000		
2021	325,000			2031	397,000		

\$4,468,000 BOND ANTICIPATION NOTES, SERIES 2011

The Notes shall bear interest at the rate of ____% per annum (at a reoffering yield of ____%), which interest is payable on August 10, 2012.

**BOROUGH OF POINT PLEASANT BEACH
COUNTY OF OCEAN, NEW JERSEY**

BOROUGH COUNCIL

VINCENT R. BARRELLA, MAYOR
TIM LURIE, COUNCIL PRESIDENT
MICHAEL CORBALLY
JEFFREY DYER
SEAN HENNESSY
FRANK RIZZO
KRISTINE TOOKER

BOROUGH ADMINISTRATOR

CHRISTINE RIEHL

BOROUGH CLERK

MARYANN ELLSWORTH

CHIEF FINANCIAL OFFICER

CHRISTINE RIEHL

BOROUGH ATTORNEY

WILLIAM T. HIERING, ESQ.

AUDITORS

SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

BOND COUNSEL

DeCOTIIS, FITZPATRICK & COLE, LLP
TEANECK, NEW JERSEY

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations with respect to the Bonds or the Notes other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Borough. The information contained herein has been obtained from the Borough and other sources which are believed to be reliable; however, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation or warranty of 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 made 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, ordinances, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Borough 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 or the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OR THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOROUGH AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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**OFFICIAL STATEMENT
OF THE
BOROUGH OF POINT PLEASANT BEACH
IN THE COUNTY OF OCEAN, NEW JERSEY**

**\$6,177,000 GENERAL IMPROVEMENT BONDS, SERIES 2011
AND
\$4,468,000 BOND ANTICIPATION NOTES, SERIES 2011**

INTRODUCTION

This Official Statement (the "Official Statement"), which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Point Pleasant Beach (the "Borough"), in the County of Ocean (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of \$6,177,000 General Improvement Bonds, Series 2011 (the "Bonds") and \$4,468,000 Bond Anticipation Notes, Series 2011 (the "Notes", and, collectively with the Bonds, the "Obligations") dated the date of delivery thereof. This Official Statement has been executed by and on behalf of the Borough by the Borough Administrator/Chief Financial Officer.

THE BONDS

The Bonds shall be dated their date of delivery and will mature on August 1 of each year and in the principal amounts shown below. The Bonds shall bear interest, calculated on the basis of a 360-day year of twelve 30-day months, from their date, payable on each February 1 and August 1, commencing February 1, 2012 (each, an "Interest Payment Date"), in each year until maturity or earlier redemption at the rates shown on the inside front cover page hereof. Principal of and interest on the Bonds will be paid to The Depository Trust Company, New York, New York ("DTC"), acting as Securities Depository, by the Chief Financial Officer, acting as "Bond Registrar/Paying Agent". Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of the fifteenth day of the month preceding the month in which such Interest Payment Date occurs (the "Record Dates" for the payment of interest on the Bonds).

General Improvement Bond, Series 2011

<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT</u>
2012	\$200,000	2022	\$350,000
2013	200,000	2023	350,000
2014	200,000	2024	350,000
2015	225,000	2025	350,000
2016	225,000	2026	350,000
2017	240,000	2027	350,000
2018	250,000	2028	400,000
2019	300,000	2029	400,000
2020	315,000	2030	400,000
2021	325,000	2031	397,000

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of each series and in the principal amount of such maturity. The Bonds will be issued in book-entry only form. Investors may purchase beneficial interest in the Bonds in the denomination of \$5,000 or any integral multiple of \$1,000 in excess thereof. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the Borough 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. Disbursement of such payments to the beneficial owners is the responsibility of the DTC participants. See "BOOK-ENTRY ONLY SYSTEM" herein.

Optional Redemption Provisions

The Bonds maturing on or before August 1, 2021 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after August 1, 2022 are redeemable at the option of the Borough in whole on any date on or after August 1, 2021 or in part as selected by the Borough on any interest payment date on or after August 1, 2021, at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

Notice of Redemption shall be mailed by first class mail in a sealed envelope with postage prepaid to the registered owners of any Bonds or portions thereof which are to be redeemed not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption at their respective addresses as they last appear on the registration books kept for that purpose by the Borough or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings.

Optional Redemption Provisions (Continued)

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

THE NOTES

The \$4,468,000 Bond Anticipation Notes, Series 2011, shall consist of \$3,301,000 General Improvement Bond Anticipation Notes, \$582,000 Water-Sewer Utility Bond Anticipation Notes and \$585,000 Tax Appeal Refunding Bond Anticipation Notes, and shall be dated and shall bear interest from August 12, 2011 and shall mature on August 10, 2012. The Notes shall bear interest at the rate set forth on the inside front cover hereof, which interest is payable on August 10, 2012. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000 or any integral multiple of \$1,000 in excess thereof. Principal of and interest on the Notes will be paid to DTC, acting as Securities Depository, by the Chief Financial Officer, acting as "Bond Registrar/Paying Agent".

Prior Redemption

The Notes are not subject to redemption prior to their stated maturity.

BOOK-ENTRY-ONLY SYSTEM

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Obligations, payment of principal and interest, and other payments on the Obligations to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Obligations and other related transactions by and between DTC, DTC Participants, and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations concerning these matters.

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a 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

BOOK-ENTRY-ONLY SYSTEM (CONTINUED)

securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("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 Obligations 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 interest in the Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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.

Conveyances 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.

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 interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Obligations 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 the Obligations are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

BOOK-ENTRY-ONLY SYSTEM (CONTINUED)

Redemption proceeds and principal and interest payments on the Obligations 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 "street name", and will be the responsibility of such Participant and not of DTC, 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 redemption proceeds and 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 Obligations 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, certificates are required to be printed and delivered.

The Borough may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 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.

AUTHORIZATION

The Obligations have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law constituting Chapter 2 of Title 40A of the New Jersey Statutes as amended (the "Local Bond Law"). The Obligations are also authorized by bond ordinances adopted by the Borough Council (the "Bond Ordinances") and the Bonds are further authorized by virtue of a resolution adopted by the Borough Council on July 12, 2011.

The Bond Ordinances were published in full after adoption along with the statement required by the Local Bond Law that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of each of the Bond Ordinances can be commenced, began to run from the date of the first publication of such statement. The Local Bond Law provides that after issuance all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning the sale or the execution or the delivery of the Obligations by the Borough.

THE PURPOSE OF FINANCING

The proceeds of the Bonds will be used to refund, on a current basis, \$5,944,600.00 of the Borough's Bond Anticipation Notes and \$232,400.00 of the proceeds will be used to fund the unfinanced portion of various capital projects.

The projects to be financed from the proceeds of the Bonds are listed below:

<u>ORDINANCE NUMBER</u>	<u>GENERAL IMPROVEMENTS -DESCRIPTION</u>	<u>AMOUNT</u>
#06 - 09	Various Capital Improvements	\$ 1,361,000
#06 - 44: #08 - 30 and #10 - 49	Various Capital Improvements	874,400
#07 - 17	Various Capital Improvements	1,294,000
#07 - 26	Acquisition of Real Property	641,700
#08 - 48	Acquisition of Real Property	1,447,000
#09 - 24	Lake Louise Dredging Project	558,900
		<u>\$ 6,177,000</u>

The proceeds of the Notes will be used to refund, on a current basis, \$3,482,330.00 of the Borough's Bond Anticipation Notes, \$400,670.00 of the proceeds will be used to fund the unfinanced portion of various capital projects and \$585,000.00 of the proceeds will be used to finance prior year tax appeals.

The projects to be financed from the proceeds of the Notes are listed below:

<u>ORDINANCE NUMBER</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
<u>General Improvements</u>		
#07 - 17	Various Capital Improvements	\$ 762,100
#08 - 48	Acquisition of Real Property	950,000
#08 - 55	Various Capital Improvements	546,980
#09 - 35	Purchase Fire Truck	641,250
10 - 55	Acquisition of Metered Parking Equipment	400,670
		<u>\$ 3,301,000</u>
<u>Water-Sewer Utility</u>		
#04 - 16	Acquisition of BTMUA Pipeline	\$ 10,000
#07 - 11	Phase I Sanitary Sewer Upgrade Project	15,500
#07 - 18	Various Water and Sewer Utility Improvements	256,500
#08 - 56	Sewer System Evaluation Study Phase I	300,000
		<u>\$ 582,000</u>
<u>Tax Appeal Refunding</u>		
#11 - 17	Refunding Bond Ordinance	\$ 585,000
		<u>\$ 4,468,000</u>

PAYMENT OF AND SECURITY FOR THE OBLIGATIONS

The Obligations are general obligations of the Borough and unless paid from other sources, the Borough is authorized and required by law to levy ad valorem taxes on all real property taxable by the Borough for the payment of the principal of and interest on the Obligations without limitation as to rate or amount. Payment of such principal and interest, however, is not limited to any particular fund or source of revenue of the Borough. The Borough is required to include the total amount of interest and debt redemption charges on all of its general obligation indebtedness for the succeeding year in the annual budget.

No principal or interest payments on Borough indebtedness are past due. The Borough has never defaulted on the payment of any bonds or notes.

MARKET PROTECTION

During the remainder of the calendar year 2011, the Borough does not anticipate issuing additional bonds. Based on the current financial condition of the Borough, it is not anticipated that tax anticipation notes will be issued during calendar year 2011. The Borough may issue bond anticipation notes during the remainder of 2011 as may be necessary.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Borough intends that the Bonds will not be designated as or deemed to be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) (3) of the Internal Revenue Code of 1986, as amended.

GENERAL INFORMATION

FORM OF GOVERNMENT

Location and Area

The Borough of Point Pleasant Beach is an Ocean County, New Jersey shore community that was incorporated in 1886. It comprises an area of 1.5 square miles from the Manasquan Inlet to the Manasquan River leading to Barnegat Bay. The Borough is located on the northeast border of Ocean County, approximately 65 miles from New York City, 45 miles from Trenton, and 70 miles from Philadelphia. The Borough is accessed by state routes 70, 35 and 34, and is within 5 miles of direct access to the Garden State Parkway.

While the population of the Borough increases during the May to October resort season, the Borough is a year-round residential community. Small businesses offer a variety of novelty items, clothing, and crafts. Restaurants lead the way to a mile-long boardwalk dedicated to family entertainment. A multi-million dollar aquarium opened in the summer of 1991 and operates year-round.

The Borough is accessible to an efficient system of highways, railroads and airlines. Routes 34, 35 and 70 are the major roadways serving the Borough, providing access to the Garden State Parkway, connecting northern New Jersey with the New York Metropolitan region.

The following means of public transportation link the Borough to the New York - New Jersey Metropolitan area:

- New Jersey Coast Line, a subsidiary of New Jersey Transit, to Newark and New York, as well as to other points in New Jersey;
- Newark Airport, within a one-hour drive of the Borough, with thirteen major airlines providing foreign and domestic service; and
- Robert J. Miller Airpark, an Ocean County-owned and operated facility located in Berkeley Township, providing charter air passenger and freight service plus tie-down space for corporate aircraft, including small jets.

Municipal Government

The Borough is governed by a Mayor-Council form of government consisting of an elected Mayor and six Council Members, elected at large, as follows:

<u>Office</u>	<u>Term Expires</u>
Vincent R. Barrella, Mayor	December 31, 2011
Sean Hennessy, Council Member	December 31, 2011
Frank Rizzo, Council Member	December 31, 2011
Jeffrey Dyer, Council Member	December 31, 2012
Tim Lurie, Council Member	December 31, 2012
Michael Corbally, Council Member	December 31, 2013
Kristine Tooker, Council Member	December 31, 2013

The executive powers are implemented through a professional staff comprised on a Borough Administrator, a Borough Clerk, Chief Financial Officer, a Tax Collector, a Public Works Director, and a Construction and Code Enforcement official.

Office of the Borough Administrator

The Borough Administrator serves as the Borough's chief administrative officer. The Administrator is chosen by the Council on the basis of qualifications and training. This full-time salaried officer carries out the policies established by the Council. The duties of the Administrator include preparation of the annual municipal budget, overseeing the daily operations of the Borough, attendance at council meetings, and making recommendations and reports to the Council.

Office of the Borough Clerk

The Borough Clerk's duties include service as secretary to the governing body, secretary to the municipality and elected officials.

Office of the Chief Financial Officer

The Chief Financial Officer handles all of the financial matters of the Borough, including the development of financial policy and annual operating and capital budgets. Additional duties include payroll, payment of bills and municipal debt service.

Other Municipal Departments

The Borough's Tax Collector performs all of the duties for the billing and collection of taxes. Water utility charges are billed and collected by the Water Collection Department.

The Department of Public Works is responsible for road repair and maintenance, the sewer system, and the maintenance of Water/Sewer Utilities, Sanitation, and Recycling Collection.

The Ocean County Utilities Authority provides sewer treatment services to the Borough. The Authority was formed in 1970 and began operations in 1976.

The Police Department is comprised of a Chief of Police and twenty-one (21) full time uniformed officers, including two (2) detectives. This full service force provides 24-hour patrol, traffic enforcement and investigative coverage. In addition, there are special patrolmen and school crossing guards. The department has twenty (20) police cars. The Police Department is the central reception and dispatch area for all Borough emergency needs, including emergency medical and fire department units.

The Volunteer Fire Department is comprised of two (2) fire companies: Ocean County Fire Company #1, and Point Pleasant Beach Fire Company #2. The Department includes a full-time Inspector, a volunteer Fire Chief, and eighty (80) volunteer firefighters. There is also a volunteer First Aid Squad with an additional twenty (20) members.

Water and Sewer Utilities

The Brick Township Municipal Utilities Authority supplies water to approximately 3,000 homes and commercial customers.

Beginning in March of 2000, the Borough has obtained its entire water supply from the Brick Township Municipal Utilities Authority through a newly constructed pipeline from Brick Township. Existing interconnections with New Jersey American Water Company and Point Pleasant Borough have been maintained for emergency supply conditions. The water is drawn from the BTMUA wells and the Metedeconk River and treated at the BTMUA facility on Route 88 in Brick Township.

FINANCIAL INSTITUTIONS

The financial needs of the Borough are served by the following financial institutions:

Bank of America
Ocean First Bank
Manasquan Savings
The Provident

BUILDING PERMITS ISSUED AND VALUE

	<u>Number of Permits</u>		<u>Estimated Costs</u>	
	<u>New Construction</u>	<u>Additions/ Alterations</u>	<u>New Construction</u>	<u>Additions/ Alterations</u>
Residential				
2010	12	413	\$5,249,673	\$4,491,406
2009	15	371	\$3,119,702	\$4,418,337
Commercial				
2010	2	90	\$18,400	\$2,797,848
2009	5	91	\$118,300	\$1,028,270

Source: Borough Construction Code Official

POPULATION

The permanent population of the Borough has decreased from 5,314 in 2000 to 4,665 in 2010 due to the fact that the Borough is a shore community, its population may increase in the summer to approximately 25,000.

<u>Year</u>	<u>Borough Population</u>	<u>County Population</u>	<u>State Population</u>
1990	5,112	433,203	7,730,188
2000	5,314	510,916	8,414,350
2010	4,665	576,567	8,791,894

DEMOGRAPHIC INFORMATION

	<u>Borough</u>	<u>County</u>	<u>State</u>
Median Age	45.7 yrs old	42.6 yrs old	39.0 yrs old
Over Age 65	17.5%	21.0%	13.5%
Persons per Household	2.30 persons	2.58 persons	2.68 persons
Per Capita Income*	\$27,853.00	\$23,054.00	\$27,006.00

* Per 2000 Census

EMPLOYMENT

	<u>Unemployment Rate</u>	<u>Total Labor Force</u>	<u>Total Employed</u>	<u>Total Unemployment</u>
<i>Borough</i>				
2010	7.50%	3,113	2,879	234
2009	7.00%	3,120	2,902	218
2008	4.30%	3,126	2,990	136
<i>County</i>				
2010	9.50%	263,739	238,563	25,176
2009	5.90%	261,610	246,059	15,551
2008	4.60%	257,349	245,585	11,764
<i>State</i>				
2010	9.50%	4,502,400	4,076,700	425,700
2009	9.10%	4,526,500	4,116,400	410,100
2008	5.50%	4,501,600	4,256,200	245,400

LARGER TAXPAYERS OF THE BOROUGH

<u>Taxpayer</u>	<u>2010 Assessed Valuation</u>
Jenkinson's Pavilion	\$44,519,000
Jenkinson's South, Inc.	30,408,800
1106 Ocean Ave., LLC	19,682,400
Chef's International, Inc.	16,021,600
Tower Beacon Gardens, LLC	9,752,450
Storino, Storino & Storino, L.P.	9,731,500
Cameryn & Dalton LLC	9,000,000
Risden's Beach Corp.	7,900,000
Lammers, William	7,699,200
Clayton Family, LLC	6,132,500

Source: 2010 Borough Assessor's Field Book

FINANCIAL INFORMATION

DEBT STATEMENTS

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Division"). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year, the Borough must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Borough as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

DEBT INCURRING CAPACITY AS OF DECEMBER 31, 2010

Municipal:

1. Equalized Valuations (last three years average)	\$2,410,199,978
2. 3-1/2% Borrowing Margin	84,356,999
3. Net Debt Issued and Outstanding and Authorized But Not Issued	20,798,354
4. Excess School Borrowing	-0-
5. Total Charges to Borrowing Margin	20,798,354
6. Remaining Municipal Borrowing (line 2 minus line 5) Capacity	63,558,645

STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2010

Gross Debt:

Local School District Debt:

Serial Bonds Issued and Outstanding	\$ 6,940,210	
		\$ 6,940,210

Water/Sewer Utility:

Issued and Outstanding:

Serial Bonds	\$ 4,081,000	
Bond Anticipation Notes	582,000 (1)	
Infrastructure Loan	537,961	
Authorized But Not Issued	<u>373,379</u>	
		5,574,340

Municipal Debt:

Issued and Outstanding:

Serial Bonds	\$ 7,938,000	
Bond Anticipation Notes	9,076,000 (1)	
Green Trust Loan	24,899	
Infrastructure Loan	1,635,592	
Authorized But Not Issued	<u>2,382,539</u>	
		<u>21,057,030</u>

<u>Total Gross Debt</u>		\$ 33,571,580
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Less:

Statutory Deductions:

School Debt	\$ 6,940,210	
Sewer Utility Debt	5,574,340	
Cash on Hand to Pay Notes	185,984	
Reserve to Pay Debt Service	<u>72,692</u>	
		<u>12,773,226</u>

Statutory Net Debt		\$ 20,798,354
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Average Equalized Valuation of Real

Property (Years 2008, 2009, 2010)		\$ 2,410,199,978
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Statutory Net Debt Percentage		0.86%
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(1) To Be Paid From:

Proceeds of the Bonds	\$ 5,944,600	
Cash on Hand/Budget	231,070	
Bond Anticipation Notes	<u>3,482,330</u>	
	<u>\$ 9,658,000</u>	

STATISTICS ON DEBT AS OF DECEMBER 31, 2010

Gross Debt (Municipal and School)	\$	33,571,580.00
Overlapping Debt		<u>16,815,716.18</u>
Gross Debt	\$	50,387,296.18
Statutory Debt		20,798,354.00
Net Debt and Overlapping Debt		37,614,070.18
Gross Debt Per Capita (Based on 2000 Population)		9,856.67
Net Debt and Overlapping Debt Per Capita (Based on 2000 Population)		7,357.99
Average Equalized Valuations		2,410,199,977.67
Gross Debt:		
As a Percentage of Net Valuation Taxable for 2010		2.09%
Net Debt Statutory Percentage		0.86%

OVERLAPPING DEBT AS OF DECEMBER 31, 2010

The overlapping debt of the Borough was as follows:

	<u>GROSS DEBT</u>	<u>BOROUGH SHARE</u>	<u>AMOUNT</u>
County of Ocean	\$ 437,202,193.45	2.30%	\$ 10,055,650.45
Ocean County Utilities Authority	262,487,866.00	1.79%	4,698,532.80
Brick Municipal Utilities Authority	73,626,176.00	2.80%	<u>2,061,532.93</u>
			\$ 16,815,716.18

GROSS AND STATUTORY NET DEBT AS OF DECEMBER 31 (EXCLUSIVE OF OVERLAPPING DEBT)

<u>YEAR</u>	<u>GROSS DEBT</u>		<u>NET DEBT</u>	
	<u>AMOUNT</u>	<u>PERCENTAGES*</u>	<u>AMOUNT</u>	<u>PERCENTAGES*</u>
2010 Unaudited	\$ 33,571,579.64	1.39%	\$ 20,798,353.92	0.86%
2009	35,234,997.42	1.47%	22,559,375.44	0.93%
2008	32,544,914.61	1.42%	18,123,167.17	0.78%
2007	24,437,268.74	1.16%	13,851,027.77	0.65%
2006	27,854,830.48	1.53%	15,416,937.83	0.85%
2005	20,616,267.10	1.35%	10,396,593.21	0.67%

* Of Average Equalized Valuations

DEBT SERVICE REQUIREMENTS

RETIREMENT SCHEDULE - OUTSTANDING BONDS - GENERAL CAPITAL

<u>BOROUGH</u>					NEW ISSUE PRINCIPAL
<u>YEAR</u>		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
2011	\$	660,000.00	\$ 316,561.26	\$ 976,561.26	
2012		690,000.00	288,061.26	978,061.26	200,000.00
2013		725,000.00	267,811.26	992,811.26	200,000.00
2014		775,000.00	238,811.26	1,013,811.26	200,000.00
2015		800,000.00	207,811.26	1,007,811.26	225,000.00
2016		855,000.00	175,811.26	1,030,811.26	225,000.00
2017		855,000.00	141,611.26	996,611.26	240,000.00
2018		860,000.00	106,342.50	966,342.50	250,000.00
2019		860,000.00	70,867.50	930,867.50	300,000.00
2020		858,000.00	35,392.50	893,392.50	315,000.00
2021					325,000.00
2022					350,000.00
2023					350,000.00
2024					350,000.00
2025					350,000.00
2026					350,000.00
2027					350,000.00
2028					400,000.00
2029					400,000.00
2030					400,000.00
2031					397,000.00
	\$	<u>7,938,000.00</u>	<u>\$ 1,849,081.32</u>	<u>\$ 9,787,081.32</u>	<u>6,177,000.00</u>

DEBT SERVICE REQUIREMENTS

RETIREMENT SCHEDULE - OUTSTANDING BONDS - WATER/SEWER CAPITAL

<u>BOROUGH</u>				
<u>YEAR</u>		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$	315,000.00	\$	479,668.76
2012		330,000.00		481,743.76
2013		350,000.00		488,243.76
2014		365,000.00		488,887.51
2015		375,000.00		483,818.76
2016		385,000.00		478,237.51
2017		395,000.00		474,556.26
2018		405,000.00		468,581.26
2019		415,000.00		462,206.26
2020		426,000.00		456,431.26
2021		300,000.00		313,215.00
2022		20,000.00		20,840.00
	\$	4,081,000.00	\$	5,096,430.10

DEBT SERVICE REQUIREMENTS

RETIREMENT SCHEDULE - GREEN TRUST LOAN

BOROUGH

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	3,624.15	479.95	4,104.10
2012	3,696.99	407.11	4,104.10
2013	3,771.30	332.80	4,104.10
2014	3,847.10	257.00	4,104.10
2015	3,924.43	179.66	4,104.09
2016	4,003.30	100.78	4,104.08
2017	2,031.73	20.32	2,052.05
	<u>\$ 24,899.00</u>	<u>\$ 1,777.62</u>	<u>\$ 26,676.62</u>

DEBT SERVICE REQUIREMENTS

RETIREMENT SCHEDULE - NEW JERSEY INFRASTRUCTURE LOAN-GENERAL CAPITAL

BOROUGH

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$ 79,241.68	\$ 17,625.00	96,866.68
2012	79,241.68	17,025.00	96,266.68
2013	79,241.68	16,275.00	95,516.68
2014	79,241.68	15,525.00	94,766.68
2015	79,241.68	14,775.00	94,016.68
2016	84,241.68	14,025.00	98,266.68
2017	84,241.68	13,025.00	97,266.68
2018	84,241.68	12,025.00	96,266.68
2019	84,241.68	11,025.00	95,266.68
2020	84,241.68	10,225.00	94,466.68
2021	89,241.68	9,225.00	98,466.68
2022	89,241.68	8,475.00	97,716.68
2023	89,241.68	7,475.00	96,716.68
2024	89,241.68	6,475.00	95,716.68
2025	89,241.68	5,475.00	94,716.68
2026	89,241.68	4,475.00	93,716.68
2027	94,241.68	3,600.00	97,841.68
2028	94,241.68	2,400.00	96,641.68
2029	94,241.97	1,200.00	95,441.97
	<u>\$ 1,635,592.21</u>	<u>\$ 190,350.00</u>	<u>\$ 1,825,942.21</u>

DEBT SERVICE REQUIREMENTS

RETIREMENT SCHEDULE - NEW JERSEY INFRASTRUCTURE LOAN-WATER/SEWER CAPITAL

BOROUGH

<u>YEAR</u>		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2011	\$	24,256.04 \$	12,542.50 \$	36,798.54
2012		23,939.84	12,042.50	35,982.34
2013		23,724.82	11,702.50	35,427.32
2014		31,665.52	11,352.50	43,018.02
2015		31,324.02	10,812.50	42,136.52
2016		30,849.72	10,062.50	40,912.22
2017		30,375.41	9,312.50	39,687.91
2018		29,901.10	8,562.50	38,463.60
2019		29,426.80	7,812.50	37,239.30
2020		29,047.36	7,212.50	36,259.86
2021		36,829.94	6,612.50	43,442.44
2022		36,197.54	5,612.50	41,810.04
2023		35,565.14	4,612.50	40,177.64
2024		35,027.58	3,762.50	38,790.08
2025		34,458.42	2,862.50	37,320.92
2026		33,889.26	1,962.50	35,851.76
2027		41,482.32	1,062.50	42,544.82
	\$	<u>537,960.83 \$</u>	<u>127,902.50 \$</u>	<u>665,863.33</u>

ASSESSED VALUATIONS - LAND AND IMPROVEMENTS BY CLASS

<u>YEAR</u>	<u>VACANT LAND</u>	<u>RESIDENTIAL</u>	<u>COMMERCIAL</u>	<u>APARTMENT</u>	<u>TOTAL</u>
2010(Unaudited)	\$				
2009	96,627,600 \$	1,941,829,780 \$	479,323,300 \$	14,195,300	2,531,975,980
2008	88,482,500 \$	1,948,969,850 \$	491,688,300	15,202,900	2,544,343,550
2007*	95,929,700	1,939,485,200	503,915,800	15,557,500	2,554,888,200
2006	82,184,400	1,945,117,000	510,319,100	20,941,600	2,558,562,100
2005	21,784,000	495,839,900	146,584,100	6,738,300	670,946,300
	21,871,200	486,563,600	148,032,600	7,984,000	664,451,400

* - Revaluation

ASSESSED VALUATIONS - NET VALUATIONS TAXABLE

<u>YEAR</u>	<u>REAL ESTATE LAND AND IMPROVEMENTS</u>	<u>BUSINESS PERSONAL PROPERTY</u>	<u>NET VALUATION TAXABLE</u>	<u>RATIO TO TRUE VALUE</u>	<u>AGGREGATE TRUE VALUE</u>
2010(Unaudited)	\$				
2009	2,531,975,980 \$	667,244 \$	2,532,643,224	107.14%	2,363,240,601
2008	2,544,343,550	684,138	2,545,027,688	103.85%	2,450,017,862
2007*	2,554,888,200	643,577	2,555,531,777	105.69%	2,417,341,470
2006	2,558,562,100	611,853	2,559,173,953	109.15%	2,344,078,882
2005	670,946,300	214,657	671,160,957	31.55%	2,126,612,678
	664,451,400	291,786	664,743,186	35.99%	1,846,211,170

CURRENT TAX COLLECTIONS

<u>YEAR</u>	<u>TOTAL LEVY</u>	<u>COLLECTION DURING YEAR OF LEVY</u>	
		<u>AMOUNT</u>	<u>PERCENTAGE</u>
2010(Unaudited)	\$ 25,519,259	24,771,620	97.07%
2009	23,890,944	23,167,721	96.97%
2008	23,221,858	22,633,123	97.46%
2007	21,205,122	20,691,113	97.57%
2006	20,412,394	20,030,590	98.12%
2005	18,780,361	18,446,634	98.22%

TOTAL TAX REQUIREMENTS
INCLUDING SCHOOL AND COUNTY PURPOSES

<u>YEAR</u>	<u>TOTAL TAX REQUIREMENTS</u>	<u>LOCAL PURPOSES</u>	<u>LOCAL SCHOOL</u>	<u>COUNTY</u>	<u>MUNICIPAL OPEN SPACE</u>
2010(Unaudited)	\$ 25,519,259	\$ 5,934,774	\$ 11,360,026	\$ 7,971,039	\$ 253,420
2009	23,806,609	5,500,472	10,630,772	7,420,921	254,443
2008	23,123,162	5,396,341	10,258,605	7,212,663	255,553
2007	21,178,517	4,318,853	9,899,757	6,704,051	255,856
2006	20,412,394	4,344,328	9,660,146	6,340,825	67,095
2005	18,780,362	4,225,358	8,813,283	5,741,721	-0-

DELINQUENT TAXES AND TAX TITLE LIENS

DECEMBER 31

<u>YEAR</u>	<u>TAX</u> <u>TITLE LIENS</u>	<u>DELINQUENT</u> <u>TAXES</u>	<u>TOTAL</u>	<u>PERCENTAGE</u> <u>OF LEVY</u>
2010(Unaudited)	\$ 119,780	\$ 680,937	\$ 800,717	3.14%
2009	120,934	597,310	718,245	3.01%
2008	109,341	451,974	561,316	2.42%
2007	98,132	395,358	493,490	2.33%
2006	86,582	385,357	471,939	2.31%
2005	78,501	322,832	401,333	2.14%

ASSESSED VALUATIONS OF PROPERTY OWNED
BY THE BOROUGH-ACQUIRED FOR TAXES

YEAR

2010(Unaudited)	\$	-0-
2009		-0-
2008		-0-
2007		-0-
2006		-0-
2005		-0-

COMPONENTS OF REAL ESTATE TAX RATE
(PER \$100 OF ASSESSMENT)

<u>YEAR</u>	<u>TOTAL</u>	<u>BOROUGH</u>	<u>LOCAL SCHOOL</u>	<u>COUNTY</u>	<u>MUNICIPAL OPEN SPACE</u>
2010 (Unaudited) \$	1.005	\$ 0.232	\$ 0.448	\$ 0.315	\$ 0.010
2009	0.936	0.216	0.418	0.292	0.010
2008	0.905	0.211	0.402	0.282	0.010
2007*	0.828	0.177	0.387	0.264	-0-
2006	3.022	0.633	1.439	0.941	0.009
2005	2.803	0.619	1.325	0.859	-0-

* - Revaluation

COMPARATIVE SCHEDULE OF CURRENT FUND BALANCES

<u>YEAR</u>	<u>CURRENT FUND</u>	
	<u>FUND BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2010 (Unaudited)	\$ 844,044	\$ 487,074
2009	1,120,638	790,000
2008	938,482	675,000
2007	1,551,792	1,184,000
2006	2,192,861	1,357,235
2005	2,187,075	1,230,000

<u>YEAR</u>	<u>WATER/SEWER FUND</u>	
	<u>FUND BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
2010 (Unaudited)	\$ 3,945	\$ 3,000
2009	93,349	90,000
2008	494,834	210,000
2007	561,642	200,000
2006	308,501	100,000
2005	502,866	200,000

BOROUGH OF POINT PLEASANT BEACH

2011 MUNICIPAL BUDGET

CURRENT FUND

Anticipated Revenues:	
Fund Balance	\$ 487,074
Miscellaneous Revenues:	
State and Federal Aid	667,854
Other	3,600,807
Receipts From Delinquent Taxes	595,000
Amount to be Raised by Taxation for Municipal Purposes	<u>6,245,899</u>
<u>Total Anticipated Revenues</u>	<u>\$ 11,596,634</u>
Appropriations:	
Within "CAPS":	
Operations	\$ 8,016,523
Pensions, Social Security, Unemployment Contributions	1,155,053
Excluded From "CAPS":	
Operations	337,492
Capital Improvements	50,000
Municipal Debt Service	1,154,678
Deferred Charges	90,000
Reserve for Uncollected Taxes	<u>792,888</u>
<u>Total Appropriations</u>	<u>\$ 11,596,634</u>

EDUCATIONAL SERVICES

The Board of Education of the Borough operates the Point Pleasant Beach Schools' K-12 system. The School Plant includes two buildings: Antrim Elementary School and Point Pleasant Beach High School. The Board consists of five (5) members elected by the voters for staggered three-year terms, with the President chosen by the Board members. The Superintendent and Board Secretary/Business Administrator are appointed by the Board.

Ocean County College, sponsored and funded by the Ocean County Board of Chosen Freeholders and the State of New Jersey, is located in Dover Township and offers two-year degree programs and a variety of adult education courses. Georgian Court University is located in nearby Lakewood.

PROVISIONS OF CERTAIN STATUTES WITH RESPECT TO GENERAL OBLIGATION DEBT

Local Bond Law (N.J.S. 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.

Debt Limits

The authorized bonded indebtedness of a municipality is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its equalized valuation basis. The equalized valuation basis of the municipality is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. Pursuant to law, the Borough has deducted its proportionate share of the full amount of authorized School Debt. The Borough's ratio of statutory net debt to its average equalized valuation as of December 31, 2010 is .85% compared to a statutory limit of 3.5%.

Exceptions to Debt Limits - Extensions of Credit

The debt limit of a municipality may be exceeded with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Board"), a State regulatory agency. If all or any part of a proposed debt authorization would exceed its debt limit, the municipality must apply to the Board for an extension of credit. If the Board determines that a proposed debt authorization would not materially impair the ability of the municipality to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Board to fund certain notes, for self-liquidating purposes and, in each fiscal year in an amount not exceeding two-thirds of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

Short-Term Financing

A municipality may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or 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 expenditure. 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 (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

School Debt Subject to Voter Approval

State law permits local school districts, upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limitation by using the municipality's share of available borrowing capacity. If such debt will be in excess of the school district debt limit and the remaining borrowing capacity of the municipality, the State Commissioner of Education and the Board must approve the proposed authorization before it is submitted to the voters.

The Municipal Finance Commission (N.J.S. 52-27-1 et seq.)

The Municipal Finance Commission was created in 1931 to assist in the financial rehabilitation of municipalities which had defaulted in their obligations. The powers of such Commission are exercised today by the Board. Several elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the statutory provisions are available to assist the efforts of restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the Superior Court of New Jersey. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations may place the municipality under the jurisdiction of the Municipal Finance Commission.

The Municipal Finance Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such Commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Bankruptcy Act. Such Act was substantially revised in 1976 so as to permit municipalities to have access to bankruptcy court for protection against suits by bondholders and without prior warranty for creditor's approvals in cases of impending default.

The Board also serves as the "funding commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such funding commission for the proposed reorganization of its debt.

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

Pursuant to the Local Budget Law (N.J.S.40A:4-1 et seq.) the Borough is required to have a balanced budget in which debt service is included in full for each fiscal year.

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt an annual operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed operating budget must be certified by the Director of the Division ("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.40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for the year, then such excess must be raised in the succeeding year's budget. Tax anticipation notes are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty days after the close of the fiscal year.

Miscellaneous Revenues

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

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof with the exception of inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's fiscal year. Grant revenue is generally not realized, however, 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 delinquent property taxes. N.J.S.40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

Section 41 of the Local Budget Law provides with regard to current taxes that: "Receipts from the collection of taxes levied or to be levied in 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 the last day of such preceding fiscal year."

This provision requires 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:

$$\frac{\text{Levy required to balance budget}}{\text{Prior year's percentage of current tax collections (or lesser \%)}} = \text{Total taxes to be levied}$$

Deferral of Current Expenses

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. With minor exceptions, however, such appropriations must be included in full in the following year's budget. All emergency appropriations in excess of 3% of the total current and utility operating appropriations in the budget year must be approved by the Director.

The exceptions are certain enumerated quasi-capital projects such as ice, snow, and flood damage to streets, roads, and bridges, which may be amortized over three years, and tax map preparation, revisions of ordinances, and master plan preparations, drainage map preparation for flood control purposes and employee severance liability, which may be amortized over five years.

Appropriations Deferred to Subsequent Years

<u>Year</u>	<u>Deferred to Following Year</u>	<u>Deferred More Than One Year</u>
2010 (Unaudited)	\$ 90,000	\$ -0-
2009	61,000	75,000
2008	-0-	150,000
2007	-0-	225,000
2006	-0-	300,000

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year and, although subaccounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval by the governing body.

Fiscal Year

The Borough's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of the State requires municipalities with populations in excess of 35,000 or which received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption is granted. Municipalities not meeting the criteria for a mandatory change have the option to choose to change to the State fiscal year. N.J.S.A. 40A:4-31 was amended by P.L. 2000, Ch. 126, to eliminate the criteria for a mandatory change to the State fiscal year. The Borough did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

Budget Process

Primary responsibility for the Borough's budget process lies with the Borough Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Borough operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Borough may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

Limitations on Municipal Expenditures and Local Unit Tax Levy

Chapter 68 of the Pamphlet Laws of 1976 of the State of New Jersey, as amended and supplemented (the "CAP Law"), imposed restrictions upon the allowable annual increase in appropriations by municipalities for certain purposes. Chapter 89 of the Pamphlet Laws of 1990 of the State of New Jersey, applicable to municipal budgets beginning in 1991, made the CAP Law permanent.

Limitations on Municipal Expenditures and Local Unit Tax Levy (Continued)

Important changes were made to the municipal budget cap laws as part of the State of New Jersey's 2005 FY budget. Chapter 75 of the Pamphlet Laws of 2004 made substantial amendments to cap exceptions, the index rate, cap increases and cap banking, effective with the 2005 SFY budgets. The yearly increase in appropriations is limited to the lesser of the cost-of-living adjustment (COLA) at a maximum of 2.5%, or when the COLA is less than or equal to 2.5% the municipality may increase its inside-the-cap spending to 3.5% upon passage of a COLA Rate Ordinance. This yearly increase is multiplied by the prior year's final appropriations subject to certain modifications. The Borough's increase for the 2011 FY was 3.5%. The Borough's 2011 FY budget was within the statutory calculation of "CAP".

Chapter 62 of the Pamphlet Laws of 2007 imposed restrictions upon the allowable annual increase in the tax levy. In general, starting with the Fiscal 2008 budgets, municipalities, will have their tax levies limited to a four percent (4%) increase. The cap calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required to be added to the adjusted tax levy for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the increases in the in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a municipality to submit a public questions to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

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.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met.

The Division of Local Government Services developed procedures implementing the tax levy law.

Protection of Municipal Funds and Investment Policy

The Borough complies with the State statutory and regulatory requirements for the deposit and investment of public monies. The Borough on a daily basis deposits cash receipts in institutions located in New Jersey which are approved by the State and are insured by the Federal Deposit Insurance Corporation or by other agencies of the United States (although the amount of the Borough's deposit may exceed the insurance coverage limits) or in the State of New Jersey Cash Management Fund. The Cash Management Fund, which was established in 1977, is a short term investment pool for the State and its cities, towns and school districts. The investments held by the Cash Management Fund must have average maturities not exceeding one year. The types of investments are regulated by the State Investment Council. The regulations allow investment in repurchase agreements with the purchased securities held by a custodian.

Protection of Municipal Funds and Investment Policy (Continued)

In addition to making deposits with the above described financial institutions, pursuant to N.J.S.A.40A:5-15.1, the Borough is permitted to purchase the following types of securities as investments:

- a. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- b. Government money market mutual funds;
- c. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- d. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- e. Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- f. Local government investment pools;
- g. Deposits with the State of New Jersey Cash Management Fund; or
- h. Subject to statutory requirements, agreements for the repurchase of fully collateralized securities.

Compliance with the State statutes may not assure that the Borough's investments will have the liquidity, security or adequate deposit insurance to protect the Borough's investments against all losses. For example, the relevant deposit statute, N.J.S.A.17:9-44, only requires public depository banks to maintain collateral for deposits of public funds exceeding insurance limits (\$100,000) generally equal to five percent of the average daily balance of public funds. Additionally, the State has the power to require that all banks holding public funds contribute amounts sufficient to reimburse an eligible municipality if any bank holding public funds becomes insolvent. However, it is unclear how quickly other state-qualified depositories could act to reimburse an exposed municipality through the State supervised program which may result in limited liquidity and a shortage of cash for the Borough and other municipalities in the State. Furthermore, it is currently unclear whether the State of New Jersey Cash Management Fund could maintain sufficient liquidity during a period of economic stress if many municipalities including the Borough sought the immediate return of cash.

2011 CAPITAL BUDGET AND CAPITAL IMPROVEMENT PROGRAM

This material is included with the Annual Budget pursuant to N.J.A.C. 5:30-4. It does not in itself confer any authorization to raise or expend funds. Rather, it is a document used as part of the local unit's planning and management program. Specific authorization to expend funds for purposes described in this section must be granted elsewhere, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking the money from the Capital Improvement Fund, or other lawful means.

Summary of the 2011 Adopted Capital Budget

2011 Capital Program:

Total Estimated Project Costs		\$ 220,000
Planned Funding:		
Capital Improvement Fund	\$ 11,000	
Debt to be Authorized	<u>209,700</u>	
Three Year Capital Program		\$ 220,000
Total Estimated Project Costs:		
2011	\$ 220,000	
2012	1,925,000	
2013	<u>8,330,000</u>	
Total		\$10,475,000
Planned Funding:		
Capital Improvement Fund	\$ 523,750	
Debt to be Authorized	<u>9,951,250</u>	
		\$10,475,000

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Borough, County and School purposes. Tax bills are mailed annually in June. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500, and an additional penalty of 6% on delinquent taxes in excess of \$10,000. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15 to the County by the Borough. Annually, all properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the State Statutes. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough.

The last all-inclusive tax sale of unpaid delinquent taxes and assessments was held by the Borough on December 10, 2010.

Tax Appeals

The State Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Ocean County Tax Board on or before the first day of April of the current tax year for review. The Ocean County Tax Board has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Ocean County Tax Board, appeal may be made to the New Jersey Tax Court. State tax appeals tend to take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period.

THE LOCAL FISCAL AFFAIRS LAW (N.J.S. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The governing body of every local unit must cause an annual, independent audit of the local unit's accounts for the previous year, to be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published at least once in a local newspaper within 30 days after the clerk of the local unit shall have received the audit. (The entire annual audit report is filed with the Borough Clerk and is available for review during business hours.)

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 as of the close of each fiscal year.

TAX MATTERS

The Borough has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Obligations under the Internal Revenue Code of 1986, as amended ("Code"). Failure to comply with certain requirements of the Code could cause interest on the Obligations to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Obligations. In the opinion of DeCotiis, FitzPatrick & Cole, LLP, Bond Counsel, to be delivered at the time of original issuance of the Obligations, assuming continuing compliance by the Borough with certain covenants described herein, under current law, interest on the Obligations is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax; however, interest on the Obligations held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Obligations in "adjusted current earnings" (see discussion below). No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Obligations.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Obligations in order to assure that the interest on the Obligations will be and remain excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Obligations be rebated to the federal government. Noncompliance with such requirements may cause interest on the Obligations to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The Borough has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Obligations will be and will remain excluded from gross income for federal income tax purposes. The Borough will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Obligations, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the Borough. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Borough in connection with the Obligations, and Bond Counsel has assumed compliance by the Borough with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Obligations from gross income under Section 103 of the Code.

In the opinion of Bond Counsel, under current law interest on the Obligations and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

The opinions of Bond Counsel are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Obligations.

TAX MATTERS (CONTINUED)

Alternative Minimum Tax. Section 55 of the Code provides that an alternative minimum tax is imposed on corporations at a rate of 20 percent. For purposes of the corporate alternative minimum tax, the Code includes an increase adjustment for the computation of the alternative minimum tax consisting generally of seventy-five percent of the amount by which "adjusted current earnings" exceed alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction).

Bank Qualification. The Obligations will not be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by the financial institutions to purchase or to carry tax exempt obligations.

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

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

Other Federal Tax Consequences. Owners of the Obligations should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of the Obligations should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

Possible Government Action. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt obligations. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Obligations involving either the Obligations or other tax-exempt bonds will not have an adverse effect on the tax-exempt status or market price of the Obligations.

ALL POTENTIAL PURCHASERS OF THE OBLIGATIONS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.

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 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the 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, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of the State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. 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. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

LITIGATION

There is at present no single action pending or threatened against the Borough to the knowledge of the Borough Attorney, which would impose an undue financial burden on the Borough. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Borough is a party-defendant in certain law suits, none of a kind unusual for a municipality of its size, and none of which, in the opinion of the Borough Attorney, would adversely impair the Borough's ability to pay its bondholders. All of the Borough's tort actions are being defended by an insurance company as well as by the insurance underwriters. Pending municipal real estate appeals are limited in number and, based upon the Borough's prior experience in tax appeals, and assuming that such tax appeals are resolved adversely to the interest of the Borough, such resolution would not in any way endanger the Borough's ability to pay its bondholders.

LITIGATION (CONTINUED)

Upon delivery of the Bonds, the Borough shall furnish certificates of the Borough Attorney, dated the date of delivery of the Bonds, to the effect that there is no litigation of any nature pending, or to his knowledge, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance or sale thereof or the application of monies to the payment of Bonds.

The certificate of the Borough Attorney described above shall also state that there is no litigation of any nature now pending or, to his knowledge, threatened by or against the Borough, wherein an adverse judgement or ruling could have a material adverse impact on the financial condition of the Borough or adversely affect the power of the Borough to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds and notes, which has not been disclosed in this Official Statement.

LEGALITY FOR INVESTMENT

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

RATING

The Borough has applied for a rating on the Bonds from Standard and Poors U.S. Public Finance Ratings, Inc. ("S&P").

An explanation of the significance of such rating may be obtained from S&P at 55 Water Street, New York, New York 10041. The Township furnished to S&P certain information and materials concerning the Bonds and the Township. There can be no assurance that the rating will be maintained for any given period of time or that the rating may not be lowered or withdrawn entirely, if, in S&P'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.

The Borough has not applied for a rating for the Notes.

UNDERWRITING

The Bonds will be purchased at public sale from the Borough by the purchaser of the Bonds at a price of \$_____. The Notes will be purchased at public sale by the purchaser of the Notes at a price of \$_____.

LEGAL MATTERS

Legality of the Obligations will be subject to the final approving opinion of the law firm of DeCotiis, FitzPatrick & Cole, LLP, Teaneck, New Jersey. Such opinion will be to the effect that the Obligations are valid and legally binding obligations of the Borough and unless paid from other sources, are payable from ad valorem taxes levied upon all real property therein without limitation as to rate or amount. The forms of the opinions of Bond Counsel are included as Appendix B hereto.

CONTINUING DISCLOSURE

The Borough has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Borough by no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2011 (the "Annual Report"), and has covenanted for the benefit of the holders and beneficial owners of the Bonds and the Notes to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of material events will be provided to the Municipal Securities Rulemaking Board (the "MSRB") and will be in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX C - Forms of Continuing Disclosure Certificates." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

The Borough has previously failed to comply with a previous undertaking in regard to said Rule to provide annual reports for the years ended December 31, 2007, 2008 and 2009, but that failure was cured by a filing with the MSRB's Electronic Municipal Market Access system on April 13, 2011.

MISCELLANEOUS

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

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Obligations. The information in this Official Statement is not guaranteed as to accuracy or completeness. 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 the Obligations made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the Borough, the State or any of their agencies or authorities, since the date thereof.

ADDITIONAL INFORMATION

Additional information may be obtained from the office of the Borough Administrator/Chief Financial Officer, at (732) 892-8770.

PREPARATION OF OFFICIAL STATEMENT

Suplee, Clooney & Company assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in the Independent Auditor's Report.

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

DeCotiis, FitzPatrick & Cole, LLP has not participated in the preparation of this Official Statement or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

APPROVAL OF OFFICIAL STATEMENT

Prior to the delivery of the Obligations, the Borough Council will have adopted a resolution authorizing the execution and distribution of this Official Statement.

This Official Statement has been duly executed and delivered on behalf of the Borough by its Borough Administrator/Chief Financial Officer.

BOROUGH OF POINT PLEASANT BEACH

By: _____
Christine Riehl

Dated: _____, 2011

APPENDIX A
FINANCIAL STATEMENTS OF THE
BOROUGH OF POINT PLEASANT BEACH

AUDITED AND COMPILED FINANCIAL STATEMENTS



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

Telephone 908-789-9300

Fax 908-789-8535

E-mail info@senco.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of Borough Council
Borough of Point Pleasant Beach
County of Ocean
Point Pleasant Beach, New Jersey 08742

We have audited the accompanying financial statements - statutory basis of the various individual funds of the Borough of Point Pleasant Beach, County of Ocean, New Jersey as of and for the year ended December 31, 2009 and 2008, and for the year ended December 31, 2009 as listed as financial statements - statutory basis in the foregoing table of contents. These financial statements - statutory basis are the responsibility of the management of the Borough of Point Pleasant Beach, County of Ocean. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described in Note 1, except for the omission of a Statement of General Fixed Assets, the Borough of Point Pleasant Beach, County of Ocean, prepares its financial statements on a prescribed 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 U.S. generally accepted accounting principles.

SUPLEE, CLOONEY & COMPANY

In our opinion, because the Borough of Point Pleasant Beach prepares 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 various individual funds of the Borough of Point Pleasant Beach as of December 31, 2009 and 2008 or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2009.

However, in our opinion, except for the omission noted in the third paragraph, the financial statements - statutory basis present fairly, in all material respects, the financial position - statutory basis of the various individual funds of the Borough of Point Pleasant Beach, County of Ocean, as of December 31, 2009 and 2008, and the results of its operations and changes in fund balance - statutory basis for the years then ended and the revenues, expenditures and changes in fund balance - statutory basis for the year ended December 31, 2009, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2010 on our consideration of the Borough of Point Pleasant Beach's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

SUPLEE, CLOONEY & COMPANY
Certified Public Accountants

/s/ Robert B. Cagnassola
Robert B. Cagnassola, C.P.A., R.M.A.

June 24, 2010



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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ACCOUNTANT'S COMPILATION REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Point Pleasant Beach
County of Ocean
Point Pleasant Beach, New Jersey 08742

We have compiled the accompanying balance sheets - statutory basis of the individual funds from the 2010 Annual Financial Statement (AFS) of the Borough of Point Pleasant Beach, County of Ocean, New Jersey as of December 31, 2010 and the related statements of operations and changes in fund balances - statutory basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements - statutory basis have been prepared on a prescribed 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 U.S. generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements and schedules information that is the representation of management of the Borough of Point Pleasant Beach. We have not audited or reviewed the accompanying financial statements - statutory basis and, accordingly, do not express an opinion or any other form of assurance on them.

Management of the Borough of Point Pleasant Beach has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the statutory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Borough of Point Pleasant Beach's financial position - statutory basis and the results of its operations and changes in its fund balance - statutory basis. Accordingly, these financial statements are not designed for those who are not informed about such matters.

SUPLEE, CLOONEY & COMPANY
Certified Public Accountants

/s/ Robert B. Cagnassola
Robert B. Cagnassola, C.P.A., R.M.A.

January 18, 2011

BOROUGH OF POINT PLEASANT BEACH

CURRENT FUND

BALANCE SHEETS-STATUTORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, 2010 (UNAUDITED)	BALANCE DECEMBER 31, 2009	BALANCE DECEMBER 31, 2008
Cash - Treasurer	\$ 1,880,449.80	\$ 1,970,173.64	\$ 2,059,786.64
Cash - Change Funds	550.00	550.00	550.00
Due From State of New Jersey Ch. 20, P.L.1971	2,333.85	3,263.24	4,611.25
	<u>\$ 1,883,333.65</u>	<u>\$ 1,973,986.88</u>	<u>\$ 2,064,947.89</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	\$ 680,937.00	\$ 597,310.39	\$ 451,974.49
Tax Title Liens Receivable	119,780.07	120,934.40	109,341.10
Revenue Accounts Receivable	43,346.61	43,346.61	40,244.80
Interfunds Receivable			4,803.69
	<u>\$ 844,063.68</u>	<u>\$ 761,591.40</u>	<u>\$ 606,364.08</u>
Deferred Charges:			
Special Emergency Authorization 40A: 4-53	\$ 90,000.00	\$ 75,000.00	\$ 150,000.00
Emergency Authorization 40A: 4-46	90,000.00	61,000.00	
	<u>\$ 90,000.00</u>	<u>\$ 136,000.00</u>	<u>\$ 150,000.00</u>
Local School Taxes Prepaid	\$ 34,620.47		
	<u>\$ 2,852,017.80</u>	<u>\$ 2,871,578.28</u>	<u>\$ 2,821,311.97</u>
Grant Fund:			
Interfunds Receivable	\$ 240,113.54	\$ 144,611.35	\$ 173,588.65
Grants Receivable	135,674.22	263,466.95	352,064.59
	<u>\$ 375,787.76</u>	<u>\$ 408,078.30</u>	<u>\$ 525,653.24</u>
	<u>\$ 3,227,805.56</u>	<u>\$ 3,279,656.58</u>	<u>\$ 3,346,965.21</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Interfunds Payable	\$ 241,279.30	\$ 146,090.17	\$ 61,917.88
Appropriation Reserves	272,998.83	252,535.77	162,140.38
Encumbrances Payable	149,888.53	97,807.25	64,186.00
Accounts Payable	46,008.22	46,008.22	46,008.22
Prepaid Licenses	353,637.71	18,250.00	15,590.00
Prepaid Taxes	18,250.00	364,490.03	260,913.86
Tax Overpayments	795.68	4,449.26	144,633.33
County Taxes Payable	20,744.36	21,675.16	29,392.08
Local School Taxes Payable		608.83	378,519.58
Open Space Taxes Payable	1,726.34	1,726.34	1,041.70
Reserve for:			
Garden State Trust Fund	6.00	506.00	378.00
Due State of New Jersey Marriage Licenses	3,044.00	2,937.00	4,345.00
Due State of New Jersey State Training Fee	20,910.20	32,264.39	107,400.00
Tax Appeals			
	<u>\$ 1,129,289.17</u>	<u>\$ 989,348.42</u>	<u>\$ 1,276,466.03</u>
Reserve for Receivables and Other Assets	878,684.15	761,591.40	606,364.08
Fund Balance	844,044.48	1,120,638.46	938,481.86
	<u>\$ 2,852,017.80</u>	<u>\$ 2,871,578.28</u>	<u>\$ 2,821,311.97</u>
Grant Fund:			
Encumbrances Payable	\$ 22,968.53	\$ 22,968.53	\$ 61,575.62
Accounts Payable			
Interfunds Payable			3,524.98
Reserve for Grants:			
Appropriated	306,041.16	307,180.94	423,372.49
Unappropriated	46,778.07	77,928.83	37,180.15
	<u>375,787.76</u>	<u>408,078.30</u>	<u>525,653.24</u>
	<u>\$ 3,227,805.56</u>	<u>\$ 3,279,656.58</u>	<u>\$ 3,346,965.21</u>

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

See Accountant's Report

BOROUGH OF POINT PLEASANT BEACH

CURRENT FUND

STATEMENTS OF OPERATIONS
AND CHANGE IN FUND BALANCE-STATUTORY BASIS

	YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)	YEAR ENDED DECEMBER 31, 2009	YEAR ENDED DECEMBER 31, 2008
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	\$ 790,000.00	\$ 675,000.00	\$ 1,184,000.00
Miscellaneous Revenue Anticipated	4,460,632.74	5,140,731.93	5,205,466.25
Receipts from Delinquent Taxes	565,498.10	450,352.96	395,357.86
Receipts from Current Taxes	24,771,620.46	23,167,723.85	22,633,123.11
Non-Budget Revenue	114,445.89	89,108.33	85,955.42
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	146,197.80	89,520.74	18,725.45
Accounts Payable Cancelled			4,839.63
Grants Appropriated Cancelled		4,803.69	536.95
Interfunds Returned			
<u>Total Income</u>	<u>\$ 30,848,394.99</u>	<u>\$ 29,617,241.50</u>	<u>\$ 29,528,004.67</u>
<u>EXPENDITURES</u>			
Budget and Emergency Authorizations:			
Operations Within "CAPS"	\$ 8,426,851.92	\$ 8,750,068.35	\$ 8,816,170.34
Deferred Charges and Statutory Expenditures	623,749.93	623,669.50	263,000.00
Other Operations Excluded from "CAPS"	868,005.42	396,390.69	1,485,675.88
Capital Improvements	35,000.00	35,000.00	75,000.00
Municipal Debt Service	1,115,985.01	1,161,924.80	993,924.10
Deferred Charges	136,000.00	75,000.00	75,000.00
County Taxes	7,550,586.25	7,420,921.37	7,212,663.32
Due County for Added Taxes	20,744.36	21,675.16	29,392.08
Local District School Taxes	11,360,025.61	10,069,425.85	9,703,251.74
Municipal Open Space Taxes	253,420.00	255,187.41	256,594.88
Interfunds Advanced			4,801.85
Budget Operations		11,821.77	41,840.81
Prepaid School Taxes	34,620.47		
<u>Total Expenditures</u>	<u>\$ 30,424,988.97</u>	<u>\$ 28,821,084.90</u>	<u>\$ 28,957,315.00</u>
Excess in Revenues	\$ 423,406.02	\$ 796,156.60	\$ 570,689.67
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year	90,000.00	61,000.00	
Statutory Excess to Fund Balance	\$ 513,406.02	\$ 857,156.60	\$ 570,689.67
Fund Balance, January 1	1,120,638.46	938,481.86	1,551,792.19
	<u>\$ 1,634,044.48</u>	<u>\$ 1,795,638.46</u>	<u>\$ 2,122,481.86</u>
Decreased by:			
Utilization as Anticipated Revenue	790,000.00	675,000.00	1,184,000.00
Fund Balance, December 31	<u>\$ 844,044.48</u>	<u>\$ 1,120,638.46</u>	<u>\$ 938,481.86</u>

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

See Accountant's Report

BOROUGH OF POINT PLEASANT BEACH

TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

<u>ASSETS</u>	BALANCE DECEMBER 31, 2010 (UNAUDITED)	BALANCE DECEMBER 31, 2009	BALANCE DECEMBER 31, 2008
Animal Control Fund:			
Cash	\$ 610.58	\$ 160.03	\$ 888.46
Due From Current Fund			1.58
	<u>\$ 610.58</u>	<u>\$ 160.03</u>	<u>\$ 890.04</u>
Other Funds:			
Cash	\$ 1,296,002.92	\$ 1,533,647.46	\$ 1,062,737.32
Interfunds Receivable	2,960.76	3,478.82	3,912.99
	<u>\$ 1,298,963.68</u>	<u>\$ 1,537,126.28</u>	<u>\$ 1,066,650.31</u>
Total Assets	<u>\$ 1,299,574.26</u>	<u>\$ 1,537,286.31</u>	<u>\$ 1,067,540.35</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due State Department of Health	\$	\$ 5.40	\$
Reserve for Animal Control Fund- Expenditures	610.58	154.63	890.04
	<u>\$ 610.58</u>	<u>\$ 160.03</u>	<u>\$ 890.04</u>
Other Funds:			
Interfunds Payable	\$	\$ 302,742.38	\$ 4,803.69
Reserves For:			
Community Development Block Grant			
Unemployment Compensation Insurance			
Open Space	522,390.83	442,568.79	309,119.94
Various Deposits	776,572.85	791,815.11	752,726.68
	<u>\$ 1,298,963.68</u>	<u>\$ 1,537,126.28</u>	<u>\$ 1,066,650.31</u>
	<u>\$ 1,299,574.26</u>	<u>\$ 1,537,286.31</u>	<u>\$ 1,067,540.35</u>

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

See Accountant's Report

BOROUGH OF POINT PLEASANT BEACH

GENERAL CAPITAL FUND

BALANCE SHEETS-STATUTORY BASIS

	BALANCE DECEMBER 31, 2010 (UNAUDITED)	BALANCE DECEMBER 31, 2009	BALANCE DECEMBER 31, 2008
<u>ASSETS</u>			
Cash	\$ 1,553,458.73	\$ 2,265,457.46	\$ 3,102,836.59
Deferred Charges to Future Taxation:			
Funded	9,598,491.20	8,591,451.72	9,189,934.45
Unfunded	11,272,554.68	12,975,454.68	9,075,263.68
Grants Receivable	225,000.00		
Infrastructure Loan Receivable	1,678,420.00		
Due Current Fund	205.00		827.65
Due Trust Other Fund		302,742.38	
	<u>\$ 24,328,129.61</u>	<u>\$ 24,135,106.24</u>	<u>\$ 21,368,862.37</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	\$ 7,938,000.00	\$ 8,563,000.00	\$ 9,158,000.00
Bond Anticipation Notes	9,076,000.00	8,396,000.00	7,375,000.00
Green Trust Loan Payable	24,898.99	28,451.72	31,934.45
Infrastructure Trust Loan	1,635,592.21		
Capital Improvement Fund	19,483.00	12,483.00	40,653.00
Contracts Payable	1,321,480.64	1,095,412.62	940,994.47
Reserve for Debt Service	72,691.96	72,691.96	142,030.96
Due Grant Fund			112,500.00
Due Water/Sewer Fund			50,000.00
Improvement Authorizations:			
Funded	938,388.52	778,663.00	875,084.61
Unfunded	3,076,893.17	4,963,702.82	2,001,589.36
Fund Balance	<u>224,701.12</u>	<u>224,701.12</u>	<u>641,075.52</u>
	<u>\$ 24,328,129.61</u>	<u>\$ 24,135,106.24</u>	<u>\$ 21,368,862.37</u>

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

See Accountant's Report

BOROUGH OF POINT PLEASANT BEACH

GENERAL CAPITAL FUND

STATEMENT OF CAPITAL FUND BALANCE - STATUTORY BASIS

Balance, December 31, 2008	\$	641,075.52
Increased by:		
Premium on Sale of Bond Anticipation Note		30,225.60
	\$	<u>671,301.12</u>
Decreased by:		
Appropriated to Finance Improvements		<u>446,600.00</u>
Balance, December 31, 2009	\$	<u>224,701.12</u>
Balance, December 31, 2010 (Unaudited)	\$	<u>224,701.12</u>

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

See Accountant's Report

BOROUGH OF POINT PLEASANT BEACH

WATER/SEWER UTILITY FUND

BALANCE SHEETS - STATUTORY BASIS

	BALANCE DECEMBER 31, 2010 (UNAUDITED)	BALANCE DECEMBER 31, 2009	BALANCE DECEMBER 31, 2008
<u>ASSETS</u>			
<u>OPERATING FUND:</u>			
Cash	\$ 215,038.65	\$ 315,387.18	\$ 673,782.40
Change Fund	100.00	100.00	100.00
Interfunds Receivable			50,000.00
	<u>\$ 215,138.65</u>	<u>\$ 315,487.18</u>	<u>\$ 723,882.40</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	\$ 344,107.34	\$ 303,759.05	\$ 292,153.86
	<u>\$ 559,245.99</u>	<u>\$ 619,246.23</u>	<u>\$ 1,016,036.26</u>
<u>TOTAL OPERATING FUND</u>			
<u>CAPITAL FUND:</u>			
Cash	\$ 107.25	\$ 270,563.10	\$ 61,498.19
Fixed Capital	10,086,560.57	10,086,560.57	10,086,560.57
Fixed Capital Authorized and Uncompleted	2,540,113.13	2,540,113.13	2,185,113.13
Infrastructure Loan Receivable	<u>5,608.00</u>	<u>5,608.00</u>	<u>51,655.00</u>
	<u>\$ 12,632,388.95</u>	<u>\$ 12,902,844.80</u>	<u>\$ 12,384,826.89</u>
	<u>\$ 13,191,634.94</u>	<u>\$ 13,522,091.03</u>	<u>\$ 13,400,863.15</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
<u>OPERATING FUND:</u>			
Liabilities:			
Appropriation Reserves	\$ 99,693.36	\$ 111,297.39	\$ 146,905.87
Water/Sewer Utility Overpayments	8,433.91	6,579.78	11,272.15
Encumbrances Payable	11,646.68	12,781.68	1,194.08
Accrued Interest on Bonds and Notes	78,471.73	83,757.80	63,566.19
Accrued Interest on Loans	5,226.04		
Reserve for Grants Appropriated	5,721.79	5,721.79	5,721.79
Interfunds Payable	<u>2,000.00</u>	<u>2,000.00</u>	<u>388.01</u>
	\$ 211,193.51	\$ 222,138.44	\$ 229,048.09
Reserve for Receivables	344,107.34	303,759.05	292,153.86
Fund Balance	<u>3,945.14</u>	<u>93,348.74</u>	<u>494,834.31</u>
	<u>\$ 559,245.99</u>	<u>\$ 619,246.23</u>	<u>\$ 1,016,036.26</u>
<u>TOTAL OPERATING FUND</u>			
<u>CAPITAL FUND:</u>			
Serial Bonds Payable	\$ 4,081,000.00	\$ 4,386,000.00	\$ 4,676,000.00
Infrastructure Loan Payable	537,960.83	562,533.09	587,421.55
Bond Anticipation Notes	582,000.00	582,000.00	
Reserve For Amortization	7,038,833.94	6,709,261.68	6,394,373.22
Reserve for Deferred Amortization	13,500.00	13,500.00	13,500.00
Improvement Authorizations:			
Funded	75,778.06	83,647.04	104,215.24
Unfunded	299,911.12	349,222.56	570,728.73
Contracts Payable	<u>3,405.00</u>	<u>216,680.43</u>	<u>38,588.15</u>
	<u>\$ 12,632,388.95</u>	<u>\$ 12,902,844.80</u>	<u>\$ 12,384,826.89</u>
<u>TOTAL CAPITAL FUND</u>			
	<u>\$ 13,191,634.94</u>	<u>\$ 13,522,091.03</u>	<u>\$ 13,400,863.15</u>

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

See Accountant's Report

BOROUGH OF POINT PLEASANT BEACH
WATER/SEWER UTILITY OPERATING FUND
 STATEMENTS OF OPERATIONS
 AND CHANGE IN OPERATING FUND BALANCE - STATUTORY BASIS

	YEAR ENDED DECEMBER 31, 2010 (UNAUDITED)	YEAR ENDED DECEMBER 31, 2009	YEAR ENDED DECEMBER 31, 2008
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	\$ 90,000.00	\$ 210,000.00	\$ 200,000.00
Water/Sewer Rents	3,276,000.00	3,276,809.62	3,408,452.70
Miscellaneous	97,556.73	111,512.43	108,270.62
Increase in Rents	290,373.03		
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	<u>29,221.81</u>	<u>78,402.11</u>	<u>3,928.51</u>
<u>TOTAL INCOME</u>	<u>\$ 3,783,151.57</u>	<u>\$ 3,676,724.16</u>	<u>\$ 3,720,651.83</u>
<u>EXPENDITURES</u>			
Operating	\$ 3,154,418.80	\$ 3,011,782.94	\$ 3,056,094.43
Debt Service	523,136.37	530,104.79	428,365.09
Deferred Charges and Statutory Expenditures	<u>105,000.00</u>	<u>105,000.00</u>	<u>103,000.00</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 3,782,555.17</u>	<u>\$ 3,646,887.73</u>	<u>\$ 3,587,459.52</u>
Excess in Revenue	596.40	29,836.43	133,192.31
Fund Balance, January 1	<u>93,348.74</u>	<u>494,834.31</u>	<u>561,642.00</u>
	93,945.14	524,670.74	694,834.31
Decreased By:			
Utilized as Anticipation Revenue	90,000.00	210,000.00	200,000.00
Payment to Current Fund as Anticipated Revenue	<u></u>	<u>221,322.00</u>	<u></u>
Fund Balance, December 31	<u>\$ 3,945.14</u>	<u>\$ 93,348.74</u>	<u>\$ 494,834.31</u>

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

See Accountant's Report

BOROUGH OF POINT PLEASANT BEACH

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS - STATUTORY BASIS

	BALANCE DECEMBER 31, 2010 (UNAUDITED)	BALANCE DECEMBER 31, 2009	BALANCE DECEMBER 31, 2008
<u>ASSETS</u>			
Cash - Public Assistance Trust Fund 1	\$ 14,423.22	\$ 14,374.78	\$ 14,246.27
	\$ 14,423.22	\$ 14,374.78	\$ 14,246.27
<u>LIABILITIES</u>			
Reserve for Public Assistance Trust Fund 1	\$ 14,423.22	\$ 14,374.78	\$ 14,246.27
	\$ 14,423.22	\$ 14,374.78	\$ 14,246.27

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

See Accountant's Report

BOROUGH OF POINT PLEASANT BEACH

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Point Pleasant Beach is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Point Pleasant Beach include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Point Pleasant Beach, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Point Pleasant Beach do not include the operations of the municipal library, parking authority, Volunteer Fire Departments and First Aid Squads or the local school district, inasmuch as their activities are administered by separate boards.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, proprietary and fiduciary funds, as well as government-wide financial reporting that must be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Point Pleasant Beach conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Point Pleasant Beach are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account groups.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

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

Water/Sewer Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipally owned Water/Sewer utility.

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.

General Fixed Asset Account Group - utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds.

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 applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and state grants are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenues when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis, interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - contractual orders at December 31 are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - the proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. 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.

Expenditures for construction in progress are recorded in the Capital Fund 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.

Inventories of Supplies - the cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Fixed Capital – Water/Sewer Utility

Accounting for utility fund "fixed capital" remains unchanged under the requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Water/Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

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 held in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

E. Restatement/Reclassifications of Prior Balances

Certain accounts have been restated from the prior year to conform with categories established in the current year to correct prior reporting errors.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Point Pleasant Beach had the following cash and cash equivalents at December 31, 2009:

<u>Fund</u>	<u>Cash in Bank</u>	<u>Deposit in Transit</u>	<u>Outstanding Checks</u>	<u>Change Funds</u>	<u>Total</u>
Checking Accounts	\$4,851,587.17	\$100,000.00	\$291,203.78		\$4,660,383.39
New Jersey Cash Management Fund	1,709,380.26				1,709,380.26
Change Funds				\$650.00	650.00
	<u>\$6,560,967.43</u>	<u>\$100,000.00</u>	<u>\$291,203.78</u>	<u>\$650.00</u>	<u>\$6,370,413.65</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2009, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$6,560,967.43, \$579,896.12 was covered by Federal Depository Insurance, \$4,271,691.05 was covered under the provisions of NJGUDPA. \$1,709,380.26 was on deposit with the New Jersey Cash Management Fund. The New Jersey Cash Management Fund is an investment pool and is not insured by the FDIC or GUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Borough are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
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 Local Unit or bonds or other obligations of school districts of which the Local Unit 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 date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); 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 subsection;
 - 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. 17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2009 the Borough has \$1,709,380.26 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: LONG-TERM DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, based by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years if financed by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT

	<u>YEAR 2009</u>	<u>YEAR 2008</u>	<u>YEAR 2007</u>
Issued:			
General:			
Bonds, Notes and Loans	\$16,987,451.72	\$16,564,934.45	\$10,693,348.56
Water/Sewer Utility:			
Bonds and Loans	<u>5,530,533.09</u>	<u>5,263,421.55</u>	<u>5,545,392.00</u>
Net Debt Issued	\$22,517,984.81	\$21,828,356.00	\$16,238,740.56
Less: Cash on Hands to Pay Notes	147,234.00	147,234.00	
Less: Reserve to Pay Bonds	<u>72,691.96</u>	<u>142,030.96</u>	<u>532,185.04</u>
	<u>\$22,298,058.85</u>	<u>\$21,539,091.04</u>	<u>\$15,706,555.52</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	\$4,726,688.68	\$1,847,497.68	\$4,639,864.25
Water/Sewer Utility:			
Bonds and Notes and Loans	<u>373,378.93</u>	<u>600,378.93</u>	<u>894,770.93</u>
Total Authorized But Not Issued	<u>\$5,100,067.61</u>	<u>\$2,447,876.61</u>	<u>\$5,534,635.18</u>
Net Bonds and Notes Issued and and Authorized But Not Issued	<u>\$27,398,126.46</u>	<u>\$23,986,967.65</u>	<u>\$21,241,190.70</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SUMMARY OF STATUTORY DEBT CONDITION
(ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .78%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$7,616,945.00	\$7,616,945.00	\$ -0-
Water Sewer Utility Debt	5,903,912.02	4,838,751.02	1,065,161.00
General Debt	<u>21,714,140.40</u>	<u>219,925.96</u>	<u>21,494,214.44</u>
	<u>\$35,234,997.42</u>	<u>\$12,675,621.98</u>	<u>\$22,559,375.44</u>

NET DEBT \$18,123,167.17 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, \$2,296,011,010.00 EQUALS .78%.

BORROWING POWER UNDER N.J.S.40A:2-6

Equalized Valuation Basis* - December 31, 2009	\$2,403,812,738.00
3-1/2 of Equalized Valuation Basis	84,133,445.83
Net Debt	<u>22,559,375.44</u>
Remaining Borrowing Power	<u>\$61,574,070.39</u>

*Equalized Valuation Basis is the average of the equalized valuation of Real Estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough for the last three (3) preceding years.

CALCULATION OF "SELF-LIQUIDATING PURPOSE"
WATER/SEWER UTILITY PER N.J.S.40A:2-45

Surplus Anticipated and Total Cash Receipts from Fees, Rents, or Other Charges for the Year	\$ 3,593,629.68
Deductions:	
Operating and Maintenance Cost	\$ 3,116,782.94
Debt Service	<u>530,104.79</u>
Total Deductions	<u>3,646,887.73</u>
Deficit in Revenue - Not Self Liquidating	\$ <u>(53,258.05)</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2009

CALENDAR YEAR	PUBLIC IMPROVEMENT		WATER/SEWER UTILITY		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2010	\$625,000.00	\$343,761.26	\$305,000.00	\$177,150.01	\$1,450,911.27
2011	660,000.00	316,561.26	315,000.00	164,668.76	1,456,230.02
2012	690,000.00	288,061.26	330,000.00	151,743.76	1,459,805.02
2013	725,000.00	267,811.26	350,000.00	138,243.76	1,481,055.02
2014	775,000.00	238,811.26	365,000.00	123,887.51	1,502,698.77
2015	800,000.00	207,811.26	375,000.00	108,818.76	1,491,630.02
2016	855,000.00	175,811.26	385,000.00	93,237.51	1,509,048.77
2017	855,000.00	141,611.26	395,000.00	79,556.26	1,471,167.52
2018	860,000.00	106,342.50	405,000.00	63,581.26	1,434,923.76
2019	860,000.00	70,867.50	415,000.00	47,206.26	1,393,073.76
2020	858,000.00	35,392.50	426,000.00	30,431.26	1,349,823.76
2021			300,000.00	13,215.00	313,215.00
2022			20,000.00	840.00	20,840.00
	<u>\$8,563,000.00</u>	<u>\$2,192,842.58</u>	<u>\$4,386,000.00</u>	<u>\$1,192,580.11</u>	<u>\$16,334,422.69</u>

The Public Improvement Bond issues are comprised of the following:

ISSUE	OUTSTANDING BALANCE DECEMBER 31, 2009
\$3,410,000.00 in Public Improvement Bonds dated May 15, 2001, due in remaining annual installments ranging between \$400,000.00 and \$420,000.00 beginning May 1, 2010 and ending May 1, 2012 with interest from 4.375% to 4.500%	\$1,240,000.00
\$7,773,000.00 in General Improvement Bonds dated July 31, 2007, due in remaining annual installments ranging between \$225,000.00 and \$858,000.00 beginning August 15, 2009 and ending August 15, 2020 with interest from 4.000% to 4.125%	<u>7,323,000.00</u>
	<u>\$8,563,000.00</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

The Water/Sewer Utility Bonds are comprised of the following issues:

<u>ISSUE</u>	<u>OUTSTANDING BALANCE DECEMBER 31, 2008</u>
\$1,325,000.00 in Water/Sewer Utility Bonds dated May 15, 2001, due in remaining annual installments of \$110,000.00 beginning May 15, 2010 and ending May 15, 2016 with interest from 4.375% to 4.875%	\$ 770,000.00
\$2,365,000.00 in Water/Sewer Utility Bonds dated October 1, 2004, due in remaining annual installments ranging between \$80,000.00 and \$300,000.00 beginning October 15, 2010 and ending October 15, 2022 with interest from 3.750% to 4.200%	2,150,000.00
\$1,671,000.00 in Water/Sewer Bonds dated July 31, 2007, due in remaining annual installments ranging between \$115,000.00 and \$141,000.00 beginning August 15, 2010 and ending August 15, 2020 with interest from 4.000% to 4.125%	<u>1,466,000.00</u>
	<u><u>\$4,386,000.00</u></u>

On June 19, 1997 the Borough entered into a Green Trust Loan Agreement with the State of New Jersey for the Pleasure Park Rehabilitation II project totaling \$66,000.00. The loan is payable over 20 years. The loan is at an interest rate of 2.00%.

Following are the maturities and debt schedule for the outstanding principal and interest on the loans:

<u>CALENDAR YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 3,552.73	\$ 551.36	\$ 4,104.09
2011	3,624.15	479.95	4,104.10
2012	3,696.99	407.11	4,104.10
2013	3,771.30	332.80	4,104.10
2014	3,847.10	257.00	4,104.10
2015	3,924.43	179.66	4,104.09
2016	4,003.30	100.78	4,104.08
2017	<u>2,031.72</u>	<u>20.32</u>	<u>2,052.04</u>
	<u><u>\$28,451.72</u></u>	<u><u>\$2,328.98</u></u>	<u><u>\$30,780.70</u></u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

The Borough has also entered into an agreement with the New Jersey Environmental Infrastructure Trust Fund for a loan dated November 8, 2009 for Sanitary Sewer System Rehabilitation. The agreement provides for an interest bearing loan from the Trust not to exceed \$300,000.00 at interest from 3.50% to 5.00% and an interest free loan not to exceed \$294,392.00.

Following are the maturities and debt schedule for the outstanding principal and interest on the loan:

Calendar Year	Trust Loan		Fund Loan	Total
	Principal	Interest	Principal	
2010	\$10,000.00	\$13,042.50	\$14,572.26	\$37,614.76
2011	10,000.00	12,542.50	14,256.04	36,798.54
2012	10,000.00	12,042.50	13,939.84	35,982.34
2013	10,000.00	11,702.50	13,724.82	35,427.32
2014	15,000.00	11,352.50	16,665.52	43,018.02
2015	15,000.00	10,812.50	16,324.02	42,136.52
2016	15,000.00	10,062.50	15,849.72	40,912.22
2017	15,000.00	9,312.50	15,375.41	39,687.91
2018	15,000.00	8,562.50	14,901.10	38,463.60
2019	15,000.00	7,812.50	14,426.80	37,239.30
2020	15,000.00	7,212.50	14,047.36	36,259.86
2021	20,000.00	6,612.50	16,829.94	43,442.44
2022	20,000.00	5,612.50	16,197.54	41,810.04
2023	20,000.00	4,612.50	15,565.14	40,177.64
2024	20,000.00	3,762.50	15,027.58	38,790.08
2025	20,000.00	2,862.50	14,458.42	37,320.92
2026	20,000.00	1,962.50	13,889.26	35,851.76
2027	25,000.00	1,062.50	16,482.32	42,544.82
	<u>\$290,000.00</u>	<u>\$140,945.00</u>	<u>\$272,533.09</u>	<u>\$703,478.09</u>

NOTE 3: LONG-TERM DEBT (CONTINUED)

BOND ANTICIPATION NOTES

Outstanding Bond Anticipation Notes are summarized as follows:

General Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
07-26	12/16/07	12/11/09	08/13/10	1.50%	\$650,000.00
06-09	12/12/08	12/11/09	08/13/10	1.50%	1,592,000.00
06-44	12/12/08	12/11/09	08/13/10	1.50%	642,000.00
07-17	12/12/08	12/11/09	08/13/10	1.50%	1,294,000.00
07-17	12/11/09	12/11/09	08/13/10	1.50%	762,100.00
08-48	12/12/08	12/11/09	08/13/10	1.50%	2,897,000.00
09-24	12/11/09	12/11/09	08/13/10	1.50%	558,900.00
					<u>\$8,396,000.00</u>

Water/Sewer Capital Fund:

<u>Ordinance Number</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
04-16	08/14/09	08/14/09	08/13/10	1.47%	\$10,000.00
07-11	08/14/09	08/14/09	08/13/10	1.47%	15,500.00
07-18	08/14/09	08/14/09	08/13/10	1.47%	256,500.00
08-56	08/14/09	08/14/09	08/13/10	1.47%	300,000.00
					<u>\$582,000.00</u>

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2009, the Borough has authorized but not issued bonds and notes as follows:

General Capital Fund	<u>\$4,726,688.68</u>
Water/Sewer Utility Capital Fund	<u>\$ 955,378.93</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2009 which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2010 were as follows:

Current Fund*	\$790,000.00
Water/Sewer Operating Fund*	90,000.00

*- Per Introduced Budget

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also taxes for the County and local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes collected in advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2009</u>	BALANCE DECEMBER 31, <u>2008</u>
Prepaid Taxes	<u>\$364,490.03</u>	<u>\$260,913.86</u>

NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2009, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER 31, 2009	2010 BUDGET APPROPRIATION	BALANCE TO SUCCEEDING YEARS*
Current Fund:			
Special Emergency 40A: 4-53	\$75,000.00	\$75,000.00	\$ -0-
Emerg. Authorization 40A: 4-46	61,000.00	61,000.00	-0-
	<u>\$136,000.00</u>	<u>\$136,000.00</u>	<u>\$ -0-</u>

* - Per Introduced Budget

NOTE 7: PENSION PLANS

Borough employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The plans are: the Public Employees' Retirement System, the Police and Firemen's Retirement System, and the Defined Contribution Retirement Program (DCRP). The Division annually charges participating government units for their respective contributions to the plans based upon actuarial methods. Certain portions of the costs are contributed by the employees. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$341,603.40 for 2007, \$608,117.00 for 2008 and \$555,411.50 for 2009.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement System and, therefore, is not presented.

NOTE 8: COMPENSATED ABSENCES

Under the terms of various contracts Borough employees are allowed to accumulate unused vacation and sick pay over the life of their working careers which may be taken as time off or paid at a later date. It is estimated that the current cost of such unpaid compensation would approximate \$1,286,538.07. Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented and any amounts required to be paid are raised in that year's budget and no liability is accrued on December 31, 2009. The Borough has accumulated \$22,179.60 for this purpose in the Trust Other Fund and continues to budget funds to provide for these liabilities as they arise.

NOTE 9: SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred by statute, resulting in the school taxes prepaid set forth in the Current Fund liabilities as follows:

	Local District School Tax	
	Balance December 31, 2009	Balance December 31, 2008
Balance of Tax	\$5,280,913.28	\$5,097,477.88
Deferred	<u>5,280,304.45</u>	<u>4,718,958.30</u>
Tax Payable	<u>\$608.83</u>	<u>\$378,519.58</u>

NOTE 10: LITIGATION

The Borough Attorney's letter did not indicate any litigation or claims that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 11: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2009, the Borough does not believe that any material liabilities will result from such audits.

NOTE 12: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough participates in a self insurance program through the Ocean County Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Fund is also a member of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance coverage for each of the various risks noted above. The Borough's contribution to the Fund for claim payments is based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

NOTE 12: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contributory Method". Under this plan, the Borough is required to remit an employer's match to the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State.

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

On July 15, 2003, the Borough of Point Pleasant Beach adopted an ordinance establishing a Length of Service Awards Program for the members of the Point Pleasant Beach Volunteer Fire Department and First Aid Squad pursuant to N.J.S.A. 40A:14-183 et seq.

Under this program, each volunteer that performs the minimum amount of service will have an annual amount of \$1,000.00 deposited into a tax deferred income account that will earn interest for the volunteer. The cost will be provided for annually in the budget of the Borough and is anticipated to be \$60,000.00 per year. The Plan is administrated by VALIC.

The accompanying financial statements do not include the Borough's Length of Service Awards Program's activities. The Borough's Length of Service Awards Program's financial statements are required to be contained in a separate review report.

NOTE 14: DEFERRED COMPENSATION PLAN

The Borough offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

All assets of the plan are held by independent administrators, the Equitable Life Assurance Company and VALIC.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities.

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2009:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund		\$146,090.17
Animal Control Fund	\$3,478.82	
Trust Other Fund		302,742.38
General Capital Fund	302,742.38	
Water/Sewer Utility Operating Fund		2,000.00
Grant Fund	<u>144,611.35</u>	<u> </u>
	<u>\$450,832.55</u>	<u>\$450,832.55</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 16: GASB 45: OTHER POST-EMPLOYMENT BENEFITS

The Borough provides Post Retirement Benefits to certain employees, per the terms of their various labor agreements, which have retired from the Borough after twenty-five (25) years of service. These benefits include Health Insurance and prescription coverage.

During the year ended December 31, 2009 there were nineteen (21) Borough employees who received benefits under this plan.

Commencing with the year ending December 31, 2009 the above noted post employment benefits require the Borough to implement the note disclosure provision of GASB Statement 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension." This statement which was adopted during 2004 by the Governmental Accounting Standard Board (GASB) requires the Borough to disclose in the notes of the financial statements the future cost of the other post employment benefits (OPEB) on a present value basis instead of the present pay as you go method. OPEB obligations are non-pension benefits that the Borough has contractually agreed to provide employees once they have retired.

The future value of benefits paid is not required to be reported in the financial statements as presented and has not been determined, but is probably material. Under current New Jersey budget and financial reporting requirements, the Borough will not have to provide any amounts in excess of their current cash costs or recognized any long-term obligations on their balance sheets.

APPENDIX B
PROPOSED FORMS OF BOND COUNSEL OPINIONS

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

August __, 2011

Mayor and Borough Council of the
Borough of Point Pleasant Beach, in the
County of Ocean, New Jersey

Re: Borough of Point Pleasant Beach, in the County of Ocean, New Jersey,
\$6,177,000 General Improvement Bonds, Series 2011

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Borough of Point Pleasant Beach, in the County of Ocean, New Jersey (the "Borough"), of its General Improvement Bonds, Series 2011, in the aggregate principal amount of \$6,177,000 (the "Bonds"). The Bonds are general obligations of the Borough and the full faith, credit and taxing power of the Borough is available to pay the principal of and interest on the Bonds. The Bonds are dated August __, 2011 and mature on August 1 in the years and in the principal amounts and bear interest at the rates, payable on February 1, 2012 and semiannually thereafter on the first days of August and February in each year until maturity or earlier redemption, as follows:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2012	\$200,000	%	2022	\$350,000	%
2013	200,000		2023	350,000	
2014	200,000		2024	350,000	
2015	225,000		2025	350,000	
2016	225,000		2026	350,000	
2017	240,000		2027	350,000	
2018	250,000		2028	400,000	
2019	300,000		2029	400,000	
2020	315,000		2030	400,000	
2021	325,000		2031	397,000	

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

which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases of the Bonds may be made in the principal amount of \$5,000 or multiples of \$1,000 in excess thereof through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), Bond Ordinance Nos. 06-09, 06-44, as amended by 08-30 and 10-49, 07-17, 07-26, 08-48 and 09-24 of the Borough (collectively, the "Ordinances"), and a resolution adopted by the Borough Council on July 12, 2011 (the "Resolution"). The Bonds are issued for the purpose of providing funds for the financing and refinancing of the capital improvements described in the Ordinances.

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

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

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

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

2. The Borough has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Code. Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In our opinion, assuming continuing compliance by the Borough with its covenants, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax

preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, interest on the Bonds held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Bonds in "adjusted current earnings".

3. Under current law, interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

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

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

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

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

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

DECOTIIS, FITZPATRICK & COLE, LLP

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

August __, 2011

Mayor and Borough Council
of the Borough of Point Pleasant Beach
in the County of Ocean, New Jersey

Re: Borough of Point Pleasant Beach, in the County of Ocean, New Jersey
\$4,468,000 Bond Anticipation Notes, Series 2011

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Borough of Point Pleasant Beach, in the County of Ocean, New Jersey (the "Borough" or the "Issuer"), of its \$4,468,000 original principal amount of its Bond Anticipation Notes, Series 2011 (the "Notes"), consisting of \$3,301,000 General Improvement Bond Anticipation Notes, \$582,000 Water/Sewer utility Bond Anticipation Notes and \$585,000 Tax Appeal Refunding Bond Anticipation Notes. The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are available to pay the principal of and the interest on the Notes. The Notes are issued in registered form and are dated August 12, 2011, mature on August 10, 2012, bear interest at a rate of ____% per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes will be initially issued in fully registered book-entry form only in the form of one certificate for the aggregate amount of the Notes, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Notes. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof, through book-entries on the books and records of DTC and its participants.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Act"), and bond ordinances of the Issuer numbered 2004-16, 2007-11, 2007-17, 2007-18, 2008-48, 2008-55, 2008-56, 2009-24, as amended by 2010-54,

2009-35, 2010-55 and 2011-17 (the "Ordinances"). The Notes are issued for the purpose of providing funds to finance the project authorized by the Ordinances.

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

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

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

2. The power and obligation of the Issuer to pay the Notes is unlimited, and, unless paid from other sources, the Issuer shall be 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 Notes, without limitation as to rate or amount.

3. The Issuer has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Notes under the Code. Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In our opinion, assuming continuing compliance by the Issuer with its covenants, under current law, interest on the Notes is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax; however, interest on the Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Notes in "adjusted current earnings".

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

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

phrase “enforceable in accordance with their respective terms” shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 3 and 4, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

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

DECOTIIS, FITZPATRICK & COLE, LLP

APPENDIX C

PROPOSED FORMS OF CONTINUING DISCLOSURE CERTIFICATES

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Borough of Point Pleasant Beach, in the County of Ocean, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$6,177,000 principal amount of its General Improvement Bonds, Series 2011 (the "Bonds"). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

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

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

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

"EMMA" means the MSRB's Electronic Municipal Markets Access System.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

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

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

"State" shall mean the State of New Jersey.

Section 3. Provision of Annual Reports.

(a) Not later than nine (9) months after the end of the Issuer's fiscal year, beginning with the fiscal year ending December 31, 2011, the Issuer shall, or shall cause the Dissemination Agent to, provide to the MSRB, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate; provided, however, that the Issuer's audited financial statements for the fiscal year ending December 31, 2010, shall be provided prior to September 30, 2011. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information which has been made available to the public on the MSRB's website or filed with the Securities and Exchange Commission; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

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

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

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

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

(b) The financial information and operating data pertaining to the Borough set forth in the Official Statement dated _____, 2011 pertaining to the sale of the Bonds.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer will provide, in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events, to the MSRB through EMMA, notice of any of the following events with respect to the Bonds (each, a "Listed Event"):

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of holders of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(b) Upon the occurrence of a Listed Event, the Issuer shall promptly file, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, a notice of such occurrence with the MSRB through EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8)

and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Resolution.

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

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

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

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

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

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

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

Dated: _____, 2011

BOROUGH OF POINT PLEASANT BEACH, IN
THE COUNTY OF OCEAN, NEW JERSEY

By: _____
Chief Financial Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Borough of Point Pleasant Beach, in the County of Ocean, New Jersey

Name of Bond Issue: \$6,177,000 General Improvement Bonds, Series 2011

Dated Date: _____, 2011

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated _____, 2011. The Issuer anticipates that the Annual Report will be filed by _____.
_____.

Dated: _____

BOROUGH OF POINT PLEASANT
BEACH, IN THE COUNTY OF OCEAN,
NEW JERSEY

By: _____

Name: _____

Title: _____

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Borough of Point Pleasant Beach, in the County of Ocean, New Jersey (the "Issuer"), in connection with the issuance by the Issuer of \$4,468,000 principal amount of its Bond Anticipation Notes, Series 2011 (the "Notes"), consisting of 3,301,000 General Improvement Bond Anticipation Notes, \$582,000 Water/Sewer Utility Bond Anticipation Notes and \$585,000 Tax Appeal Refunding Bond Anticipation Notes. The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. The following capitalized terms shall have the following meanings:

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

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

"EMMA" means the MSRB's Electronic Municipal Markets Access System.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Noteholder" shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Note.

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

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

Section 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;
3. unscheduled draws on the debt service reserves reflecting financial difficulties;
4. unscheduled draws on the credit enhancements reflecting financial difficulties;
5. substitution of the credit or liquidity providers or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes or other material events affecting the tax status of the Notes;
7. modifications to rights of Noteholders;
8. note calls, if material, and tender offers;
9. defeasances;
10. release, substitution or sale of property securing repayment of the Notes, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the Issuer;
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall file or cause to be filed a notice of such occurrence with the MSRB through EMMA in a timely manner not in excess of ten (10) business days after the occurrence of such event. The notice shall be filed in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Notes.

Section 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(b).

Section 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, notice of such change shall be given in the same manner as for a Listed Event under Section 3(b).

Section 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future or notice of occurrence of a Listed Event.

Section 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 9 shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Dated: _____, 2011

BOROUGH OF POINT PLEASANT BEACH, IN THE
COUNTY OF OCEAN, NEW JERSEY

By: _____
Christine Riehl, Chief Financial Officer