

PRELIMINARY OFFICIAL STATEMENT DATED MAY 30, 2012

NEW ISSUE - BOOK-ENTRY ONLY

RATING: Moody's: Aa1

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

\$9,998,000
TOWNSHIP OF TEWKSBURY
County of Hunterdon, New Jersey
GENERAL OBLIGATION BONDS, SERIES 2012
(BANK-QUALIFIED) (CALLABLE)

Dated: Date of Delivery

Due: February 15, as shown on inside front cover

The \$9,998,000 General Obligation Bonds, Series 2012 (the "Bonds") of the Township of Tewksbury, New Jersey (the "Township") will be issued in registered form, and, when issued, will be registered in the name of Cede & Co. ("Cede"), as nominee for The Depository Trust Company, New York, New York ("DTC"), an automated depository for securities and clearing house transactions, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form without certificates in the denominations of \$1,000 each or integral multiples thereof (with a minimum purchase of \$5,000). Provided DTC or its nominee Cede is the registered owner of the Bonds, payments of the principal and interest (payable semi-annually February 15, 2013 and on each August 15 and February 15 thereafter until maturity or earlier redemption) on the Bonds will be made directly to DTC or its nominee, which is obligated to remit such principal and interest to DTC Participants and Indirect Participants, as defined herein. DTC Participants and Indirect Participants, as defined herein, will be responsible for remitting such payments to the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are being issued pursuant to the Local Bond Law of New Jersey, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended, various ordinances and a resolution in order to provide funds to (i) refund, on a current basis, certain outstanding bond anticipation notes of the Township and (ii) pay certain costs incurred in connection with the issuance of the Bonds.

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of, redemption premium, if any, and interest on the Bonds. The Bonds will be valid and binding general obligations of the Township payable as to principal, redemption premium, if any, and interest from the levy of *ad valorem* taxes levied upon all the taxable property within the Township, without limitation as to rate or amount.

The Bonds are subject to redemption prior to their respective maturity dates as described herein. See "OPTIONAL REDEMPTION PROVISIONS" herein.

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Gibbons P.C., Newark, New Jersey and certain other conditions described herein. It is anticipated that the Bonds will be available for delivery to DTC on or about June 19, 2012, in New York, New York, or at such other place and time as may be agreed to by the Township.

ELECTRONIC BIDS VIA BIDCOMP/PARITY
WILL BE RECEIVED UNTIL 11:00 A.M. ON JUNE 6, 2012

Dated: June __, 2012

MATURITIES, INTEREST RATES, AND YIELDS

\$9,998,000 GENERAL OBLIGATION BONDS, SERIES 2012

<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>
2013	\$250,000			2027	\$370,000		
2014	255,000			2028	390,000		
2015	260,000			2029	405,000		
2016	265,000			2030	435,000		
2017	270,000			2031	455,000		
2018	275,000			2032	460,000		
2019	280,000			2033	470,000		
2020	285,000			2034	490,000		
2021	290,000			2035	490,000		
2022	295,000			2036	495,000		
2023	300,000			2037	495,000		
2024	320,000			2038	495,000		
2025	345,000			2039	498,000		
2026	360,000						

**THE TOWNSHIP OF TEWKSBURY
IN THE COUNTY OF HUNTERDON, NEW JERSEY**

MAYOR

Dana Desiderio

MEMBERS OF THE COMMITTEE

Louis DiMare, Deputy Mayor
Peter Melick
Shaun C. Van Doren
William Voyce

ADMINISTRATOR

Jesse W. Landon

CHIEF FINANCIAL OFFICER

Judie A. McGrorey

CLERK

Roberta Brassard

INDEPENDENT AUDITOR

Ardito & Company, L.L.P.
Frenchtown, New Jersey

TOWNSHIP SOLICITOR

Michael Selvaggi, Esq.
Hackettstown, New Jersey

BOND COUNSEL

Gibbons P.C.
Newark, New Jersey

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

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

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

TOWNSHIP OF TEWKSBURY, HUNTERDON COUNTY, NEW JERSEY

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**OFFICIAL STATEMENT
RELATING TO
\$9,998,000 GENERAL OBLIGATION BONDS, SERIES 2012
OF THE TOWNSHIP OF TEWKSBURY,
IN THE COUNTY OF HUNTERDON, NEW JERSEY**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Tewksbury (the “Township”), in the County of Hunterdon (the “County”), State of New Jersey (the “State”), and provides certain information relating to the Township in connection with the sale and issuance of \$9,998,000 General Obligation Bonds, Series 2012 (the “Bonds”). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

DESCRIPTION OF THE BONDS

The Bonds shall be dated their date of delivery and will mature on February 15 of each year as shown on the inside front cover hereof. The Bonds shall bear interest from their date, payable on each February 15 and August 15, commencing February 15, 2013 (each, an “Interest Payment Date”), in each year until maturity or prior optional redemption at the rates per annum 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 first day of the month in which such Interest Payment Date occurs (the “Record Dates” for the payment of interest on the Bonds).

The Bonds are issued as fully registered book-entry bonds in the form of one certificate for each maturity of each issue and in the principal amount of such maturity. The Bonds will be issued in book-entry form only. 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 Paying Agent directly to Cede & Co., (or any successor or assign), as nominee for DTC. Disbursement of such payments to the participants of DTC is the responsibility of DTC. Disbursement of such payments to the beneficial owners is the responsibility of the DTC participants. See “BOOK-ENTRY ONLY SYSTEM” below.

OPTIONAL REDEMPTION PROVISIONS

The Bonds maturing on or prior to February 15, 2022 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after February 15, 2023 shall be subject to redemption prior to their respective maturity dates, on or after February 15, 2022 at the option of the Township, either in whole or in part at any time in any order of maturity at par (the “Redemption Price”) and accrued interest thereon to the date of redemption.

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

BOOK-ENTRY ONLY SYSTEM

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement

of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. 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.

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

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

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

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

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

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

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

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

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

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds have been authorized and are to be issued pursuant to the laws of the State of New Jersey, including the Local Bond Law constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (N.J.S.A. 40A:2-1 et seq.), the ("Local Bond Law"), various bond ordinances adopted by the Township Committee and by virtue of a resolution of the Township adopted on May 8, 2012 authorizing the Bonds (the "Resolution").

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

The projects to be funded in the sale are listed the following page.

<u>ORDINANCE NUMBER</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
19-2001/19-2005	Various Capital Improvements	\$1,187,000
23-2003	Construction of a First Aid Squad Building	93,031
15-2005	Various Capital Improvements	439,449
07-2006	Various Capital Improvements	677,226
07-2007	Various Capital Improvements	2,619,294
16-2003	Acquisition of Easement	602,443
22-2003	Acquisition of Parcels of Real Property	1,411,399
17-2005	Acquisition of Interest in Easement	207,125
05-2006	Acquisition of Easement	513,190
14-2006	Acquisition of Easements	1,285,198
05-2006/03-2007	Acquisition of Easements	304,275
06-2007	Acquisition of Interests in Easements	658,370
	TOTAL	\$9,998,000

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds are general obligations of the Township and unless paid from other sources, the Township is authorized and required by law to levy *ad valorem* taxes on all property taxable by the Township for the payment of the principal of and interest on the Bonds 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 Township. The Township 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.

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

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

MARKET PROTECTION

During the remainder of 2012, the Township does not anticipate issuing additional bonds. Based on the current financial condition of the Township, it is not anticipated that tax anticipation notes will be issued during 2012. The Township may issue bond anticipation notes during the remainder of 2012, as may be necessary.

PROVISIONS WITH REGARD TO TOWNSHIP GENERAL OBLIGATION DEBT

This summary does not purport to be a full and complete statement of all of the provisions referred to herein, and the cited statutes should be read in full for a complete understanding of all of said provisions.

Local Bond Law

The Local Bond Law (N.J.S.A. 40A:2-1 et. seq.). The Local Bond Law generally governs the issuance of bonds and notes by local units to finance certain capital improvements and appropriations. The Local Bond Law requires 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 capital expenditures. All bonds and notes issued by the Borrower are general ("full faith and credit") obligations.

Debt Limits

Debt Limits. The net authorized debt of all local units which are municipalities in the State of New Jersey is generally limited by statute to an amount equal to 3.5% of its equalized valuation basis. The equalized valuation basis of the local unit is set by statute as the average for the last three years of the sum 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 Department of the Treasury, Division of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Exceptions To Debt Limits - Extensions Of Credit. The debt limit of a local unit may be exceeded with the approval of the Local Finance Board, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Local Unit must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of a Local Unit to meet its obligations or to provide essential services, and the Local Finance Board makes other statutory determinations, approval is granted.

School Debt. In the State of New Jersey, in a Type II school district without a Board of School Estimate, school debt authorized by the board of education must be approved by the registered voters of that school district. When the amount authorized exceeds the school district's limit, the district may use the municipality's share of available borrowing capacity

upon approval of the proposed debt by the State Commissioner of Education and the Local Finance Board, and subsequently by the registered voters of the district. School debt of a Type I school district is authorized by a Board of School Estimate and the governing body of a local unit.

The Local Budget Law (N.J.S.A. 40A:4-1, et seq.). The foundation of the New Jersey local finance system is the annual budget. Every local unit must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the “Director”) prior to final adoption of the budget. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director 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 focusing on anticipated revenues serves to protect the solvency of all local units. The budgets of local units must be in balance; i.e., total anticipated revenues must equal total appropriations.

If in any year a Local Unit’s expenditures exceed (or are less than) its realized revenues for that year, then such deficit (excess) must be raised (accounted for) in the succeeding year’s budget.

Real Estate Taxes. The same general principal that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The Local Budget Law (N.J.S.A. 40A:4-29) provides that 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.

The Local Budget Law (N.J.S.A. 40A:4-41) also 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 collected of the prior year’s tax levy is applied to the combined total, the product will at least be equal to the tax levy required to balance the budget. The Reserve For Uncollected Taxes is calculated to be the levy required to balance a local unit’s budget multiplied by the prior year’s percentage of uncollected taxes (or a lesser percentage).

Miscellaneous Revenues. The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenue 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 the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation.

Appropriation and Tax Levy CAP Limitations. Chapter 68 of the Pamphlet Laws of 1976 (N.J.S.A. 40A:4-45.1 et seq.), as amended and supplemented by P.L. 1983, c. 49, P.L. 1990, c.89, and by P.L. 2004, c.74 (the "CAP Law"), imposes restrictions which limit the allowable increase in municipal appropriations over the previous year's appropriations to the lesser of 102.5% or the increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services as published by the United States Department of Commerce (the "Cost-of-Living Adjustment"). If the Cost-of-Living Adjustment is less than or equal to 2.5% an increase equal to 3.5% will be permitted by adoption of an ordinance. If the Cost-of-Living Adjustment is greater than 2.5%, an increase in any amount above 2.5% will be permitted upon passage of a referendum. This limitation is subject to the following exceptions among others: (i) all debt service payments (the obligation of the Borrower to repay its Borrower Loan comes within this exception); (ii) the amount of revenue generated by the increase in valuations within the municipality based solely on applying the preceding year's municipal tax rate to the apportionment valuation of new construction or improvements within the municipality and such increase shall be levied in direct proportion to said valuation; (iii) capital expenditures funded by any source; (iv) an increase involving certain defined categories of emergency appropriations as approved by the Director in certain cases; (v) amounts required to be paid pursuant to any contract between the municipality and any political subdivision or public body in connection with the provision and/or financing of projects for certain public purposes such as water, sewer, parking, senior citizens' housing or any similar purpose; or (vi) that portion of the municipal tax levy which represents funding to participate in any Federal or State aid program and amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures.

Additionally, the Legislature of the State of New Jersey has previously enacted P.L. 2007, c. 62 (the "Property Tax Act") effective April 3, 2007, which imposed a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The Property Tax Act has now been amended by the provisions of P.L. 2010, c. 44 effective June 13, 2010 (the "Amendment") and applicable to the next budget year following enactment. The Amendment reduces the tax levy cap to 2% from 4%, limits exclusions only to capital expenditures, including debt service, certain increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare cost increases in excess of 2% and extraordinary costs directly related to a declared emergency. Waivers from the Division of Local Government Services or the Local Finance Board are no longer available under the Amendment.

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

Deferral of Current Expenses. A local unit may make emergency appropriations after the adoption of a budget and the determination of the tax rate, but only to meet unforeseen pressing needs to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance. With limited exceptions set forth below, such appropriations must be included in full in the following year's budget. If such emergency appropriations exceed 3% of the adopted operating budget, consent of the Director is required (N.J.S.A. 40A:4-46, -47, -49). 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, revision of ordinances, and master plan preparations, which may be amortized over five years (N.J.S.A. 40A:4-55, -55.3).

Under the CAP Law, emergency resolutions aggregating less than 3% of the previous year's final current operating appropriations may be raised in that portion of the budget outside its limitations if approved by at least two-thirds of the members of the governing body and the Director. Emergency resolutions that aggregate more than 3% of the previous year's final current operating appropriations must be raised within its limitations. Emergency resolutions for debt service, capital improvements, the Township's share of Federal or State grants and other statutorily permitted items are outside its limitation.

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. Subaccounts (line items) within an appropriation are not subject to the same year-end transfer restriction; however, they are subject to internal review and approval.

Capital Budget. In accordance with the Local Budget Law, each local unit must adopt and annually revise a capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the Local Unit may contemplate over a period of up to six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body of a local unit setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

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

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

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

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1, et seq.). This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of a local unit

must file annually with the Director a verified statement of the financial condition of the local unit. The statements of the Borrower are on file with its Clerk.

An independent examination of a local unit's financial statements must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit," includes recommendations for improvement of a local unit's financial procedures and must be filed with the Clerk within six months after the close of its fiscal year and, within five days thereafter, a certified duplicate copy must be filed in the office of the Director (N.J.S.A. 40A:5-6). The filing date of an audit may be extended by the Director upon a showing of good cause. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion (N.J.S.A. 40A:5-7).

The report of Ardito & Company, L.L.P., the Township's independent auditor, for the calendar year ending December 31, 2011 appears in Appendix B to this Official Statement.

PENSION FUNDS

Township employees who are eligible for a pension plan are enrolled in one of two pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The two plans are the Public Employees' Retirement System and the Police and Firemen's Retirement System of New Jersey. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employees.

LITIGATION

In the opinion of Michael Selvaggi, Esq., the Township Attorney, there is no litigation pending or threatened, restraining or enjoining the issuance or delivery of the Bonds offered for sale or the levy or collection of any taxes to pay interest on or principal of the Bonds, or in any manner questioning the authority of proceedings for the issuance of the Bonds or for the levy or collection of said taxes. Moreover, to the knowledge of the Township Attorney no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided.

LEGAL MATTERS

The legality of the Bonds will be subject to the final approving opinion of Gibbons P.C., Bond Counsel to the Township, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix E. Certain legal matters will be passed on for the Township by its Counsel, Michael Selvaggi, Esq., Hackettstown, New Jersey.

TAX MATTERS

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

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

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

Additional Federal Income Tax Consequences

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

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

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

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

State Taxation

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

Miscellaneous

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

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

SECONDARY MARKET DISCLOSURE

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

On the date of delivery of the Bonds, the Township will enter into a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) containing the Continuing Disclosure Requirements for the benefit of the beneficial holders of the Bonds pursuant to which the Township will agree to comply on a continuing basis with the Continuing Disclosure Requirements of Rule 15c2-12. Specifically, the Township will covenant for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and

operating data relating to the Township by no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2012 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Township with the MSRB. The notices of enumerated events will be filed by the Township with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in "Appendix C - Form of Continuing Disclosure Certificate". These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12.

The Township has not failed to fulfill any continuing disclosure obligations with respect to its bonds, except for late filings in 1999 and 2000. The Township has since taken the requisite remedial steps by filing the necessary continuing disclosure obligations. Moreover, the Township has since implemented the necessary safeguards to ensure that, in the future, it will file its future continuing disclosure in a timely fashion.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies and agencies thereof, all banks, 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 the Bonds, and such Bonds are authorized security for any and all public deposits.

AUDITOR

The financial statements of the Township included in Appendix B have been examined by Ardito & Company, L.L.P., independent accountant, as stated in its report appearing therein.

UNDERWRITING

The Bonds will be purchased at a public sale from the Township for reoffering by _____ (the "Underwriter") at an aggregate purchase price of \$_____. The Underwriter has purchased the Bonds in accordance with the Notice of Sale.

The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Bonds. If all of the Bonds are sold at the public offering yields set forth on the inside cover page of this Official Statement, the Underwriter anticipates total selling compensation, net of the insurance premium which is payable by the Underwriter, of \$_____. The public offering yields of the Bonds may be changed from time to time by the Underwriter.

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a rating to the Bonds of "Aa1". Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, Inc., at 7 World Trade Center at 250 Greenwich Street, New York, New York. There is no assurance such rating will continue for a given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

PREPARATION OF OFFICIAL STATEMENT

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

Ardito & Company, L.L.P. takes responsibility for the audited financial statements to the extent specified in their Independent Auditors' Report.

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

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement may be directed to Judie A. McGrorey, Chief Financial Officer, (908) 439-0022.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds. This Official Statement has been duly executed and delivered by the Chief Financial Officer for and on behalf of the Township.

TOWNSHIP OF TEWKSBURY

By: Judie A. McGrorey
Chief Financial Officer

Dated: June __, 2012

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APPENDIX A

**GENERAL INFORMATION
OF THE TOWNSHIP OF TEWKSBURY**

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APPENDIX A
GENERAL INFORMATION
OF THE
TOWNSHIP OF TEWKSBURY
COUNTY OF HUNTERDON, NEW JERSEY

The following material presents certain economic and demographic information of the Township of Tewksbury. Additional information is included in Appendix B and such information is derived from certified audits and financial documents and should be used in conjunction with the audit from which they are derived.

The financial statements have been prepared in conformance with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These practices differ in certain respects, which in some instances may be material, from generally accepted accounting principles applicable to local government units.

General Information

Located in New Jersey's rural Hunterdon County, Tewksbury Township's thirty-three square miles abounds in gently rolling hills, pristine streams and charming old villages. Its six thousand residents reside in lovely homes situated amongst farms and estates. The Township, approximately nine miles north of Flemington, the County Seat, is bordered by Hunterdon County's Lebanon Township, Clinton Township, Readington Township, and the Borough of Califon, Bedminster Township in Somerset County and Washington Township in Morris County.

Transportation Access

County Route 517 provides the major north-south roadway while I-78, traversing the southern end of the Township, provides the east-west rapid access to New York and Pennsylvania. Principal neighborhoods and surrounding regions are connected via municipal and county roads.

Railroad services to Hoboken, New Jersey, which connects with the New York City Path System, may be found in nearby Bedminster and Readington Townships.

Newark International Airport is a fifty minute drive via I-78 while the commute to Philadelphia International Airport or Allentown Airport is just slightly longer.

Municipal Government

The Mayor and Township Committee

Tewksbury operates under the Township form of government. The Township Committee, which is the Governing Body, consists of five members, elected at large, for three year overlapping terms. The Committee annually selects one of its members to serve as Mayor.

In order to ensure good communications and continuity in the conduct of Township business, members of the Township Committee serve as members, or liaison to, all other Boards, Committees and Commissions within the Township government.

The Township Committee exercises control over the conduct of municipal business by means of legislation, through ordinances or resolutions, approval and adoption of annual municipal budgets and the formulation of policy to be carried out by the staff.

Office of the Township Administrator

As provided by local ordinance, the Township Administrator serves as the Chief Administrative Officer, responsible for the conduct of day to day municipal business. The various municipal department heads report to, and are responsible to, the Administrator. His duties include the coordination of activities of the Township, implementing the decisions of the Township Committee, the efficient and proper delivery of services to the community, preparation of the annual budget and the negotiation of contracts for the Township.

Other Departments

Township Clerk: The Township Clerk serves as the clerk of and secretary to the Governing Body and in this capacity prepares agendas, records minutes of all Township Committee meetings, and retains all permanent Township records and documents. The Township Clerk also serves as Municipal Election Official and is responsible for the administration of the primary and general elections.

Department of Finance: The Chief Financial Officer oversees all aspects of finance within the Township, including payroll, purchasing and budgetary accounting. The Chief Financial Officer administers the investment program, borrowing and repayment of debt and interest, collection of all cash receivables and the maintenance of proper records associated with the safekeeping of funds.

Tax Collector: The Certified Tax Collector is responsible for the rendering of all tax bills and collection of taxes receivable.

Tax Assessor: The Tax Assessor's Department consist of a part-time assessor who is certified by the State of New Jersey.

Department of Public Works: The Public Works Department is under the supervision of the Certified Public Works Manager. The Public Works Department has the responsibility for maintenance of all Township facilities, grounds, roads, parks, ball fields and a wildlife preserve. The department maintains and operates three sewer treatment facilities. With a full time mechanic, most of the Township owned vehicles and equipment are maintained and repaired in-house. The department employs eleven full time employees.

Police Department: The Police Department consists of eight full time officers and one secretary under the supervision of the Chief of Police. It provides around-the-clock police protection, is charged with the preservation of peace and order, enforce Federal and State laws and local municipal ordinances. It is a service oriented department that works with the Township Committee to identify and successfully deal with the needs of the community.

Board of Health: The Township's Board of Health provides a basic program of community health services and meets regularly to review applications for individual septic systems, well permits and other health related matters. Other health services for the Township are provided through the Hunterdon County Department of Health.

Construction Code Department: The Construction Code Department reviews, approves and inspects building permits for additions, renovations, demolitions and new construction in accordance with various statutes and guidelines. The office is staffed by a Code Official, Technical Assistant and part time inspectors.

Municipal Court: The Municipal Court provides the Township with court services previously provided by a Joint Court with other municipalities. The Court has all part-time staff including a Judge, Court Administrator, Prosecutor, Public Defender, and related staff.

Community Services

Fire Services: Tewksbury Township is served by five volunteer fire companies, the Califon Fire Company, Inc., Oldwick Fire Company, Inc., Pottersville Volunteer Fire Company, Lebanon Volunteer Fire Company and Fairmount Fire Company. The companies are independent, but receive financial assistance from the Township. The companies are well equipped and manned for the purpose of fire fighting as conditions now exist in the Township.

First Aid Squad: The Tewksbury First Aid and Rescue Squad, Inc., was incorporated as an independent organization in 1990. The squad is a nonprofit volunteer organization which provides ambulance, first aid, equipment loans and related services, free of charge, to Township residents. The Township is also serviced by the Whitehouse First Aid and Rescue Squad, Inc.

Library: Library services for the Township are supplied by the Tewksbury Township Public Library (independent non-profit) and the Hunterdon County Library.

Utilities

Water, Gas, Electric and Telephone

The Pottersville area of the Township and the townhouse community in Oldwick are served by the New Jersey American Water Company. The northern edge of the Township is served by the Washington Township Municipal Utilities Authority for water. Both of these water service areas include potable and fire suppression (hydrant) water, while the remainder of the Township has individual wells. Other utilities are provided by New Jersey Power & Light Company (electrical) and the Public Service Gas and Electric Company (gas).

Three municipally owned and operated sewerage utilities exist in the Township: the Oldwick Sewer Lagoon, Hunters Glen and the Bartles facility. The Oldwick Sewer Lagoon, servicing the village of Oldwick, has been in operation since 1979 and consists of a collector system, treatment plant and disposal field. Hunters Glen is an underground sanitary sewer/underground disposal system designed for Hunters Glen, a townhouse development. The Bartles facility is a state of the art treatment plant constructed to service the Township's Affordable Housing commitment. The residents of the Pottersville area of the Township are served by a private sewerage company.

Community Planning and Zoning

Land Use Board

The Land Use Board functions under the authority of the Municipal Land Use Law of New Jersey.

The Board administers the Development Regulations Ordinance of Tewksbury Township and is empowered to approve or deny applications for subdivisions, site plans and other zoning and development matters.

The Board retains professionals, including an attorney, engineer, planner and such other specialized advisors as may be required from time to time.

The Board recommends changes in the Development Regulations Ordinance to the Township Committee, reviews land development ordinance changes proposed by the Committee, and is responsible for drafting and adopting the Township Master Plan.

The Board is empowered to grant exceptions, or variances, to the provisions of the Development Regulation Ordinance of Tewksbury Township. It hears appeals from the actions of the Administrative officer, and requests for interpretation of the Zoning Map.

Master Plan

The Township's original Master Plan was adopted June 9, 1986, and amended through June, 1992. The existing Master Plan was adopted October 22, 2003 and amended on July 7,

2005 and April 6, 2005. A reexamination report was done in 2011 in accordance with State guidelines.

Environmental Commission

The Township's Environmental Commission was established pursuant to N.J.S.A. 40:56A-1, et seq. It conducts research into the use and potential use of open land areas of the Township and coordinates its activities with other Township bodies. It also maintains an index of all open areas, publicly or privately owned, including marsh lands, swamps and other wetlands, in order to obtain information on the proper use of such areas, and makes recommendations to the Land Use Board and other Township bodies on the environmental aspects of various matters, including proposed development.

Employees and Pension Information

Municipal employees eligible for pension benefits are enrolled in the Public Employees Retirement System and the Police and Firemans Retirement System, established, operated and administered by the State of New Jersey. Benefits, contributions and funding requirements are established by State legislation. The system is funded on the basis of final average salary and length of service. Accrued liabilities for actual deficiencies are apportioned among all contributing employers. The State of New Jersey Department of Treasury, Division of Pensions, administers the funds.

The Township is not delinquent with respect to contributions to the pension system or the Federal Social Security System.

The School System

The Board of Education of the Township of Tewksbury consists of nine members elected by the voters for staggered three year terms. The President is elected by the Board Members and the Superintendent and Board Secretary are appointed by the Board as well.

Schools

The Tewksbury School District educates 714 students in grades Pre-K through 8. There are two school buildings, Tewksbury Elementary School and Old Turnpike School.

Tewksbury Elementary School is K through grade 4, and Old Turnpike School is pre-K integrated and autistic program and grades 5 through 8.

Consistent with New Jersey Department of Education regulations, the district certification was done during the 2010-2011 school year, and is reviewed on a three year cycle. The school system was designated a Blue Ribbon School in 2011.

Professional Staff

The Tewksbury Township Board of Education employs 81 professional staff, one Superintendent, two Principals, one Business Administrator, one Child Study Team Supervisor, one Curriculum Supervisor, 71 teachers, one School Psychologist, One Social Worker and two School Nurses.

Each district school employs the services of a 12 month building principal. Child Study Services are provided in district.

School Enrollments

Actual Pre-K through 8

2007-2008	784
2008-2009	781
2009-2010	782
2010-2011	751
2011-2012	714

Projected Pre-K through 8

2012-2013	701
2013-2014	670
2014-2015	644
2015-2016	608
2016-2017	586

ECONOMIC AND DEVELOPMENT INFORMATION

Population Characteristics:

<u>Year</u>	<u>Township</u>	<u>County</u>	<u>State</u>
2000	5,541	121,989	8,414,350
2010	6,000	128,349	8,791,894

Source: 2000 - U.S. Bureau of Census
 2010 - U.S. Bureau of Census

Personal Income:

	<u>Tewksbury Township</u>	<u>Hunterdon County</u>	<u>State of New Jersey</u>
Median Family Income	\$114,817	\$102,500	\$82,427
Per Capita Income	44,888	36,370	33,535

Source: 2010 Census

Employment and Unemployment Comparisons

For the years 2007 to 2011, the New Jersey Department of Labor and Industry reported the following annual average employment information for the Township of Tewksbury, Hunterdon County and the State of New Jersey:

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
<u>Tewksbury</u>				
2007	3,130	3,065	65	2.1%
2008	3,136	3,051	85	2.7
2009	3,120	3,036	140	4.5
2010	3,100	2,945	154	5.0
2011	3,072	2,915	157	5.1
<u>Hunterdon County</u>				
2007	72,445	70,362	2,083	2.9%
2008	72,786	70,045	2,741	3.8
2009	72,600	67,600	5,000	6.9
2010	72,578	67,617	4,961	6.8
2011	72,057	66,971	5,085	7.1
<u>State of New Jersey</u>				
2007	4,466,272	4,276,561	189,711	4.2%
2008	4,496,725	4,251,194	245,531	5.5
2009	4,536,700	4,118,300	418,300	9.2
2010	4,536,658	4,118,367	418,291	9.2
2011	4,504,687	4,077,356	427,332	9.5

Source: New Jersey Department of Labor, Division of Planning & Research, Office of Demographic & Economic Analysis, Bureau of Labor Force Statistics, Local Area Unemployment Statistics.

Major Employers:

<u>Employer</u>	<u>Approximate No. of Employees</u>
Tewksbury Township Board of Education	81
Tewksbury Township	45

TAXATION

Procedure for Assessment and Collection of Taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

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

Tax bills are mailed annually in June by the Township. The taxes for the third and fourth quarters, due August 1 and November 1, respectively, are adjusted to reflect the calendar year's total tax liability. The taxes for the first and second quarters, due February 1 and May 1 of the succeeding year, are based upon one-half of the previous year's tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amounts in excess of \$1,500.00. A penalty on delinquencies in excess of \$10,000.00 will be charged at 6%, if not paid by the end of the calendar year. These interest penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Municipal tax liens are periodically assigned to the Township Attorney for "in rem foreclosures" in order to acquire title to these properties.

Tax Appeals

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

Ten Largest Taxpayers

<u>Name</u>	<u>Use</u>	<u>Taxes</u>
AM Best & Co.	Insurance	\$817,129
James & Gretchen Johnson	Residential/Agriculture	145,497
Stavola Quarries LLC	Quarry	127,409
Masoud & Rosa Kian	Residential	88,381
Jennifer Johnson Trust	Residential	65,804
David & Carol Raposo	Residential	50,768
Marcella Langman	Residential	49,191
Barry & Alede Reed Trust	Residential	48,545
United Telephone	Utility	47,804
William and Janet Clarke	Residential	46,382

PROPERTY VALUATIONS

Assessed and Equalized Valuations

Net Assessed Valuation

	<u>Land and Improvements(1)</u>	<u>Personal Tangible(2)</u>	<u>Total</u>	<u>Equalization Ratio</u>	<u>Equalized Value by County(3)</u>
2009	\$1,357,855,847	\$1,615,868	\$1,359,471,715	72.68%	\$18,704,894
2010	1,362,828,687	1,869,933	1,364,689,617	74.71	18,266,492
2011	1,363,577,210	1,953,975	1,365,531,185	76.90	17,757,233
2012	1,351,233,165	2,067,188	1,353,300,353	78.67	17,202,242

- (1) Net assessed valuation after deductions permitted under New Jersey statutes.
- (2) Taxable value of machinery, implements and equipment of telephone, telegraph and messenger systems companies.
- (3) Includes land and improvements equalized valuation, certain Class II railroad properties and personal tangible properties of businesses and utilities.

Source: County of Hunterdon Abstract of Ratables.

Assessed Valuation of Real Property by Classification

Classification	<u>2012</u>	<u>%</u>	2011	<u>%</u>	<u>2010</u>	<u>%</u>
Vacant Land	\$ 12,444,900	0.92%	\$ 12,889,800	0.94%	\$ 14,589,200	1.07%
Residential	1,048,835,800	77.50	1,051,075,700	76.97	1,050,951,800	77.01
Farm	233,715,310	17.27	231,348,010	16.94	229,161,300	16.79
Farm Qualified	3,479,255	0.26	3,532,300	0.26	3,590,586	0.26
Commercial	47,453,900	3.51	59,427,400	4.35	59,231,800	4.34
Industrial	5,304,000	0.39	5,304,000	0.39	5,304,000	0.39
Apartment	0		0		0	
SUBTOTAL	1,351,233,165		1,363,577,210		1,362,828,686	
Public Utility	2,067,188	0.15	1,953,975	0.14	1,860,933	0.14
TOTAL	1,353,300,353	100.00	1,365,531,185	100.00	1,364,689,619	100.00

**TAX APPORTIONMENT AND TAX RATE
(For Years Ending December 31)**

<u>Apportionment</u>	<u>Tax Apportionment and Tax Rate</u>				<u>2007</u>
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	
Municipal	0.383	0.375	0.361	0.360	0.362
County	0.446	0.459	0.474	0.477	0.498
Local School	0.865	0.865	0.868	0.860	0.860
Regional High School	0.512	0.473	0.518	0.490	0.520
Total	2.206	2.172	2.221	2.187	0.224

**TAX LEVY APPORTIONMENT
(For Years Ending December 31)**

<u>Apportionment</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Township	\$ 5,231,120.00	\$ 5,116,214.00	\$4,911,422.00	\$ 4,897,691.00	\$ 4,856,931.00
County	6,077,388.00	6,269,516.00	6,421,696.00	6,450,542.67	6,574,109.13
Local School	11,807,002.00	11,799,998.00	11,807,121.00	11,651,995.00	11,556,515.00
Regional High School	6,985,439.00	6,454,331.00	7,050,418.00	6,648,564.62	6,989,314.04
Total	\$30,100,949.00	\$29,640,059.00	\$30,190,657.00	\$29,648,793.29	\$29,976,869.17

**TAX LEVY AND COLLECTION
(For Years Ending December 31)**

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Percent Collected</u>
2011	\$30,204,265.00	\$29,802,044.00	98.66%
2010	29,735,461.00	29,303,277.00	98.54
2009	30,336,059.00	29,860,845.00	98.43
2008	29,795,288.00	29,372,007.00	98.57
2007	30,335,422.00	29,847,094.00	98.39

DELINQUENT TAXES AND TAX TITLE LIENS
(For Years Ending December 31)

<u>Year</u>	<u>Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2011	\$308,997.00	\$41,299.00	\$350,296.00	1.16%
2010	315,400.00	38,940.00	354,340.00	1.19
2009	427,538.00	36,616.00	464,154.00	1.53
2008	415,486.00	37,345.00	452,831.00	1.52
2007	476,884.00	82,588.00	559,472.00	1.84

Property Acquired by Tax Title Lien Liquidation

No Properties have been acquired from 2007 to 2011 by foreclosure or deed as a result of liquidation of tax title liens.

DEBT INFORMATION

Statutory Debt Condition And Remaining Borrowing Power (As of May 1, 2012)

Average Equalized Valuation Bases State of New Jersey (2009, 2010, 2011)	\$1,774,332,836
Permitted Debt Limitations (3½%)	62,101,649
Net Debt Issued and Outstanding ⁽¹⁾	21,062,379
Remaining Borrowing Power	41,039,270
Percentage of Net Debt to Average Equalized Valuation	1.19%

⁽¹⁾ The State includes the amount of authorized but unissued debt but deducts school debt and self-supporting utility debt.

Source: The Township

Statutory Debt Statement As Of May 1, 2012

GROSS DEBT:	
Regional High School District Debt: (Township Share 19.94%)	\$805,765
Temporary Notes Issued	0
Local School District Debt	8,805,630
Municipal Debt:	
General Capital	
Serial Bonds Payable	10,508,000
N.J. Wastewater Loan Payable	100,836
Bond Anticipation Notes Issued	9,999,181
Bond and Notes Authorized But Not Issued	381,423
Green Trust Loan Payable	280,532
Sewer Utility:	
Loan Payable (G.E. Credit Corporation)	
Bonds and Notes Authorized But Not Issued	134,366

TOTAL GROSS DEBT	\$31,015,733
------------------	--------------

STATUTORY DEDUCTIONS:

Self Liquidating Debt (Sewer Utility)	134,366
Regional High School and Local School District Debt	9,611,395

STATUTORY NET DEBT

	21,062,379
Statutory Net Debt per capita (Based on 2010 population of 6,000)	3,510

Total County of Hunterdon Net Debt	\$83,175,410
------------------------------------	--------------

The Township's share of Hunterdon County's net debt is 7.72% or \$6,421,142.
obtained by dividing the Township's 2011 equalized valuation (\$1,774,332,836)
by the County's 2011 equalized valuation (\$22,993,568,433).

The Township has no other overlapping debt.

Tax Supported Debt as of May 1, 2012

Regional High School District Debt	\$ 9,611,396
Local School District Debt	8,805,630
Municipal Debt	20,888,604
County of Hunterdon Allowable to Township	6,421,142

Debt Service Requirements

<u>Year</u>	<u>2005 Refunding Bonds</u>		<u>2006 Series Bonds</u>		<u>Green Acres Trust</u>		<u>Waste Water Treatment Trust</u>		<u>Current Fund Total</u>		<u>Oldwick Sewer Loan</u>		<u>Sewer Utility Fund Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 455,000	\$ 181,794	\$ 397,000	\$ 244,064	\$ 25,608	\$ 5,483	\$ 25,916	\$ 3,150	\$ 903,524	\$ 434,491	\$ 14,098	\$ 6,544	\$ 14,098	\$ 6,544
2013	500,000	162,950	418,000	227,764	26,123	4,969	25,442	2,363	969,565	398,046	14,811	5,831	14,811	5,831
2014	500,000	140,450	434,000	210,724	26,648	4,443	24,969	1,576	985,617	357,193	15,561	5,081	15,561	5,081
2015	500,000	115,450	449,000	193,064	27,184	3,908	24,508	788	1,000,692	313,210	16,349	4,393	16,349	4,393
2016	525,000	90,450	466,000	175,696	27,730	3,361			1,018,730	269,507	17,177	3,465	17,177	3,465
2017	525,000	64,200	488,000	158,402	28,288	2,804			1,041,288	225,406	18,046	2,596	18,046	2,596
2018	520,000	40,200	504,000	140,172	28,856	2,235			1,052,856	182,607	18,960	1,682	18,960	1,682
2019	485,000	19,400	526,000	120,985	29,436	1,656			1,040,436	142,041	19,363	722	19,363	722
2020			360,000	104,283	30,028	1,064			390,028	105,347			-	-
2021			375,000	90,037	30,632	460			405,632	90,497			-	-
2022			390,000	74,928					390,000	74,928			-	-
2023			405,000	59,227					405,000	59,227			-	-
2024			420,000	42,933					420,000	42,933			-	-
2025			435,000	26,047					435,000	26,047			-	-
2026			431,000	8,728					431,000	8,728			-	-
	\$ 4,010,000	\$ 814,894	\$ 6,498,000	\$ 1,877,054	\$ 280,533	\$ 30,383	\$ 100,835	\$ 7,877	\$ 10,889,368	\$ 2,730,208	\$ 134,365	\$ 30,314	\$ 134,365	\$ 30,314

APPENDIX B

TOWNSHIP OF TEWKSBURY

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

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**TOWNSHIP OF TEWKSBURY
COUNTY OF HUNTERDON
STATE OF NEW JERSEY**

**REPORT OF AUDIT
DECEMBER 31, 2011**

TOWNSHIP OF TEWKSBURY

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PART I

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2011

AUDITORS' REPORTS



ARDITO & Co., LLP

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Tewksbury
County of Hunterdon, New Jersey

I have audited the accompanying balance sheets-statutory basis of the various funds of the Township of Tewksbury as of December 31, 2011 and 2010, and the related statements of operations and changes in fund balance-statutory basis for the year then ended and the related statement of revenues-statutory basis and statement of expenditures-statutory basis of the various funds for the year then ended. These financial statements are the responsibility of the Township of Tewksbury's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards in the United States of America; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and **Government Audit Standards**, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audits provide a reasonable basis for my opinion.

As described in Note 1, the Township of Tewksbury prepares its financial statements in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

-Continued-

In my opinion, because of the Township's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles in the United States of America, the financial position of the Township of Tewksbury at December 31, 2011 and 2010, or the results of its operations.

However, in my opinion, the financial statements-statutory basis referred to above present fairly, in all material respects, the financial position-statutory basis of the various funds of the Township of Tewksbury, as of December 31, 2011 and 2010, and the results of operations and changes in fund balance-statutory basis of such funds for the year then ended and the statement of revenues-statutory basis and statement of expenditures-statutory basis of the various funds for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated March 30, 2012, on my consideration of the Township of Tewksbury's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with 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 the audit.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Tewksbury's financial statements as a whole. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information exhibits are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole, on the basis of accounting described in Note 1 to the financial statements..



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
March 30, 2012



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and
Members of the Township Committee
Township of Tewksbury
County of Hunterdon, New Jersey
Califon, New Jersey 07830

We have audited the financial statements of the Township of Tewksbury in the County of Hunterdon, State of New Jersey, as of and for the fiscal year ended December 31, 2011 and 2010, and have issued our report thereon dated March 30, 2012, which indicated that the financial statements have been prepared on an other comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

Management of the municipality is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.


A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Mayor and Members of the Township Committee, and to meet filing requirements for filing with the Division of Local Government Services, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant
Registered Municipal Accountant No.524
ARDITO & CO., LLP
Frenchtown, New Jersey
March 30, 2012

FINANCIAL STATEMENTS

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 1

ASSETS	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
Cash And Cash Equivalents:			
Cash - Treasurer	A-4	\$ 7,787,487	\$ 7,923,105
Amount Due from State of New Jersey for Senior Citizens and Veterans Deductions	A-17	<u>5,989</u>	<u>5,989</u>
		<u>7,793,476</u>	<u>7,929,094</u>
Receivables And Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-6	308,997	315,400
Tax Title Liens Receivable	A-7	41,299	38,940
Penalties & Interest on Taxes	A	9,591	-
Amount Due from Other Agencies	A	23,686	32,449
Amount Due From Grants Fund	A	-	4,351
Amount Due From Dog License Fund	B	<u>24</u>	<u>28</u>
Subtotal		<u>383,597</u>	<u>391,168</u>
Federal And State Grant Fund:			
Federal/State Grants Receivable	A-18	4,998	26,488
Due From Current Fund	A	<u>28,931</u>	<u>-</u>
Subtotal		<u>33,929</u>	<u>26,488</u>
TOTAL ASSETS		<u>\$ 8,211,002</u>	<u>\$ 8,346,750</u>

CURRENT FUND
COMPARATIVE BALANCE SHEET

A
Sheet 2

	<u>REF.</u>	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities:			
Reserve For Encumbrances	A-10	\$ 126,731	\$ 143,066
Appropriation Reserves	A-3:9	246,409	202,707
Amount Due To Grants Fund	A	28,931	-
Amount Due To General Capital Fund	C	109,505	88,792
Taxes Collected In Advance	A-11	194,382	229,438
Tax Overpayments	A-12	7,015	12,833
County Taxes Payable	A-13	19,959	20,170
Local District School Taxes Payable	A-14	511,896	588,132
Regional School Tax Payable	A-15	265,554	-
Due Other Trust - Municipal Open Space Tax Payable	A-16	2,125	-
Reserve for Trees	A-21	45,356	45,356
Due Other Trust - Premium on Tax Sales and Outside Liens	A-22	150,250	80,050
Reserve for Police	A-23	-	1,278
Reserve for Various	A-24	4,474	2,680
Reserve for Additional Aid to Fire Companies	A-25	39,747	39,747
Amount Due to State of New Jersey for Marriage License Fees	A-26	75	100
Amount Due to State of New Jersey for DCA Training	A-27	4,548	3,995
Subtotal		<u>1,756,957</u>	<u>1,458,344</u>
Reserve For Receivables And Other Assets	A	383,597	391,168
Fund Balance	A-1	<u>6,036,519</u>	<u>6,470,750</u>
Subtotal		<u>8,177,073</u>	<u>8,320,262</u>
Federal And State Grant Fund:			
Due to Current Fund	A	-	4,351
Amount Due State of New Jersey	A	1,761	1,761
Reserve For State Grants - Appropriated	A-19	26,652	19,088
Reserve For State Grants - Unappropriated	A-20	<u>5,516</u>	<u>1,288</u>
Subtotal		<u>33,929</u>	<u>26,488</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 8,211,002</u>	<u>\$ 8,346,750</u>

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE

A-1

REVENUE AND OTHER INCOME REALIZED	<u>REF.</u>	<u>YEAR</u> <u>2011</u>	<u>YEAR</u> <u>2010</u>
Fund Balance Utilized	A-2	\$ 2,368,000	\$ 3,368,000
Miscellaneous Revenue Anticipated	A-2	2,628,066	2,103,580
Receipts From Delinquent Taxes	A-2	318,824	437,513
Receipts From Current Taxes	A-2	29,802,043	29,303,277
Non-Budget Revenues	A-2	47,065	103,974
Other Credits To Income:			
Unexpended Balance of Appropriation Reserves	A-9	162,046	175,725
Tax Overpaid Cancelled	A-12	5,355	
Refund of Prior Year Expenditures	A-4	12,757	2,027
Interfunds Returned	A	4,806	1,120
TOTAL INCOME		<u>35,348,962</u>	<u>35,495,216</u>
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations Within "Caps":			
Salaries and Wages	A-3	2,569,778	2,857,531
Other Expenses	A-3	2,321,974	2,320,590
Deferred Charges and Statutory Expenditures	A-3	612,519	536,406
Operations Excluded from "CAPS":			
Other Expenses	A-3	177,833	288,890
Capital Improvements	A-3	450,000	400,000
Municipal Debt Service	A-3	1,588,994	1,685,071
Deferred Charges to Future Taxation	A-3	110,313	110,353
County Taxes	A-13	6,077,381	6,269,516
Amount Due County For Added and Omitted Taxes	A-13	19,959	20,170
Local District School Taxes	A-14	11,807,002	11,799,998
Regional School Tax	A-15	6,985,439	6,551,448
Municipal Open Space Tax	A-16	684,891	683,540
Refund of Prior Year Revenue	A-4	9,110	-
Interfund Advances	A:C	-	1,162
TOTAL EXPENDITURES		<u>33,415,193</u>	<u>33,524,675</u>
Excess (Deficit) Revenue Over Expenditures		1,933,769	1,970,541
 Fund Balance January 1	 A	 <u>6,470,750</u>	 <u>7,868,209</u>
		8,404,519	9,838,750
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>2,368,000</u>	<u>3,368,000</u>
 Fund Balance December 31	 A	 <u><u>\$ 6,036,519</u></u>	 <u><u>\$ 6,470,750</u></u>

CURRENT FUND
STATEMENT OF REVENUES

A-2

	REF.	ANTICIPATED BUDGET	N.J.S. 40A:4-87	REVENUE RECEIVED	EXCESS OR DEFICIT
SURPLUS ANTICIPATED		\$ 2,368,000		\$ 2,368,000	
LICENSES:					
ALCOHOLIC BEVERAGES - CLERK	A-8	4,000		4,000	
OTHER - CLERK	A-8	2,000		1,736	\$ 264
FEES AND PERMITS - TRAILER COURT FEES	A-8	56,918		64,826	(7,908)
FINES AND COSTS:					
MUNICIPAL COURT	A-8	65,000		52,586	12,414
INTEREST AND COSTS ON TAXES	A-5	79,369		83,370	(4,001)
INTEREST ON INVESTMENTS	A-8	43,000		29,783	13,217
JR. POLICE ACADEMY	A-8	1,300		-	1,300
CONSOLIDATED MUN PROPERTY TAX RELIEF	A-8	4,827		4,827	
EMERGY RECEIPTS TAX	A-8	511,276		511,276	
UNIFORM CONSTRUCTION CODES FEES	A-8	220,000		299,991	(79,991)
CLEAN COMMUNITIES PROGRAM	A-19	21,055		21,055	
STATE FORESTRY GRANT	A-19	7,000		7,000	
BODY ARMOR	A-19	1,288		1,288	
RECYCLING TONNAGE	A-19		\$ 3,724	3,724	
CLINTON TOWNSHIP - UNIFORM CONST CODE SER	A-8	17,000		17,352	(352)
CALIFON BOROUGH - UNIFORM CONST CODE SER	A-8	65,000		65,060	(60)
HUNTERS GLEN SEWER UTILITY - DEBT SERVICE	A-8	30,000		30,327	(327)
RESERVE CAPITAL FUND - DEBT SERVICE	A-8	1,373,527		1,373,527	
LEASE OF MUNICIPAL FACILITIES	A-8	35,000		43,383	(8,383)
FIRE SAFETY FEES	A-8	10,000	-	12,955	(2,955)
		<u>2,547,560</u>	<u>3,724</u>	<u>2,628,066</u>	<u>(76,782)</u>
RECEIPTS FROM DELINQUENT TAXES	A-1	<u>300,000</u>	-	<u>318,824</u>	<u>(18,824)</u>
AMOUNT TO BE RAISED BY TAXES	A-6	<u>4,548,354</u>	-	<u>5,228,389</u>	<u>(680,035)</u>
TOTAL GENERAL REVENUES		<u>9,763,914</u>	<u>3,724</u>	<u>10,543,279</u>	<u>(775,641)</u>
NON-BUDGET REVENUE	A-2			<u>47,065</u>	<u>(47,065)</u>
		<u>\$ 9,763,914</u>	<u>\$ 3,724</u>	<u>\$ 10,590,344</u>	<u>\$ (822,706)</u>

CURRENT FUND
STATEMENT OF REVENUES

ANALYSIS OF REALIZED REVENUES

REF.

Allocation Of Current Tax Collections:

Revenue from Collections	\$ 29,756,959
State of New Jersey, Senior Citizens and Veterans Deductions	<u>45,084</u>
	29,802,043

Allocated To:

School, County and Municipal Open Space Taxes	25,574,672
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Balance for Support of Municipal Budget	4,227,371
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Add (Decreased) by: Appropriation "Reserve For Uncollected Taxes"	A-3	<u>1,001,018</u>
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Amount For Support Of Municipal Budget Appropriations	A-2	<u>\$ 5,228,389</u>
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ANALYSIS OF NON-BUDGET REVENUES

REF

Miscellaneous Revenue Not Anticipated:

Treasurer:

Stavola Annual Permits	\$ 7,564
Sale of Equipment	3,719
FEMA reimbursements	5,106
Interlocal Reimbursement - E. Amwell	3,333
Interlocal Reimbursement - Lebanon	12,091
Interlocal Reimbursement - Califon	4,275
Senior Citizens and Veterans' Administrative Fee	902
Miscellaneous	<u>6,563</u>

	A-4	43,553
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Tax Collector

Miscellaneous	A-5	<u>3,512</u>	<u>\$ 47,065</u>
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CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 1

<u>OPERATIONS-Within "CAPS"</u>	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
GENERAL GOVERNMENT FUNCTIONS:					
General Administration:					
Salaries and Wages	\$ 225,307	\$ 213,307	\$ 212,422	\$ 885	-
Other Expenses:					
Lease of Equipment	8,000	13,000	11,019	1,981	
Miscellaneous Other Expenses	38,235	29,418	20,409	9,009	
Mayor and Council:					
Salaries and Wages	22,435	21,335	21,251	84	
Other Expenses	9,690	6,190	4,598	1,592	
Financial Administration (Treasury):					
Salaries and Wages	144,420	144,420	136,800	420	7,200
Other Expenses	9,218	9,218	6,170	548	2,500
Audit Services:					
Other Expenses	16,800	16,800	16,800		
Computerized Data Services:					
Other Expenses	44,625	44,625	38,736	5,889	
Revenue Administration (Tax Collection):					
Salaries and Wages	46,573	43,973	43,901	72	
Other Expenses	4,526	4,526	4,199	327	
Tax Assessment Administration:					
Salaries and Wages	34,459	34,459	31,670	89	2,700
Other Expenses	6,924	6,924	1,960	964	4,000
Legal Services (Legal Dept.):					
Other Expenses	263,000	263,000	39,936	11,064	\$ 212,000
Engineering Services:					
Other Expenses	58,140	73,140	71,426	1,714	
LAND USE ADMINISTRATION:					
Planning Board:					
Salaries and Wages	137,904	137,904	130,477	427	7,000
Other Expenses:					
Wastewater Management Study	4,080	1,020	1,020		
Bartles Wastewater	117,663	118,413	58,548	4,865	55,000
Special Projects	10,200	10,200	1,408	792	8,000
Miscellaneous Other Expenses	20,095	20,095	17,015	3,080	

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 2

<u>OPERATIONS-Within "CAPS"</u>	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
CODE ENFORCEMENT AND ADMINISTRATION:					
Uniform Construction Code Enforcement Functions:					
Building Sub Code Officials:					
Salaries and Wages	209,100	209,100	174,534	2,566	32,000
Other Expenses	12,699	12,699	2,556	2,643	7,500
INSURANCE:					
General Liability Insurance	135,500	135,500	119,718	282	15,500
Workmens Compensation Insurance	104,160	105,160	105,152	8	
Employee Group Insurance	613,040	593,040	563,140	29,900	
PUBLIC SAFETY FUNCTIONS:					
Police:					
Salaries and Wages	1,128,000	1,128,000	993,074	34,926	100,000
Other Expenses:					
Purchase of Police Cars	30,000	30,000	-		30,000
PBA Contract Benefits	89,559	89,559	76,499	460	12,600
Miscellaneous Other Expenses	49,445	49,445	19,033	10,412	20,000
Office of Emergency Management:					
Other Expenses	12,000	1,328	1,311	17	
Contribution to First Aid Organizations	72,731	72,731	67,476		5,255
Aid to Volunteer Fire Companies:					
Other Expenses - Oldwick Fire Company	90,000	90,000	90,000		
Aid to Volunteer Fire Companies in Adjoining Municipalities	155,500	155,500	155,500		
Fire Department Office:					
Salaries and Wages	9,384	8,384	5,700	184	2,500
Other Expenses					
Other Expenses:	500	500	498	2	
Fire Hydrant Services	40,870	40,870	18,167	4,203	18,500
Municipal Prosecutor's Office:					
Salaries and Wages	5,100	5,100	4,876	224	

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 3

<u>OPERATIONS-Within "CAPS"</u>	<u>BUDGET</u>	<u>APPROPRIATION BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
PUBLIC WORKS FUNCTIONS:					
Streets and Road Maintenance:					
Salaries and Wages	826,200	826,200	722,923	28,277	75,000
Other Expenses	178,536	178,536	160,819	2,717	15,000
Solid Waste Collection(Recycling Program):					
Other Expenses	17,850	17,850	5,976	1,874	10,000
Buildings and Grounds:					
Other Expenses	47,654	47,654	43,953	3,701	
Vehicle Maintenance (Including Police Vehicles):					
Other Expenses	95,013	95,013	93,062	1,951	
HEALTH AND HUMAN SERVICES FUNCTIONS:					
Public Health Services (Board of Health):					
Salaries and Wages	3,168	3,168	1,275	393	1,500
Other Expenses	2,754	2,754	1,741	263	750
Contribution to Social Services Agencies:					
Senior Citizens Centers	3,060	3,060	2,632	428	
PARK AND RECREATION FUNCTIONS:					
Maintenance of Parks:					
Other Expenses:					
Miscellaneous Other Expenses	34,747	34,747	26,209	3,038	5,500
OTHER COMMON OPERATING FUNCTIONS:					
(Unclassified):					
Reserve for Sick Leave	165,000	165,000	81,955	23,045	60,000

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 4

<u>OPERATIONS-Within "CAPS"</u>	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
UTILITY EXPENSES AND BULK PURCHASES:					
Electricity	33,150	33,150	25,061	8,089	
Street Lighting	6,120	7,120	5,960	1,160	
Telephone (excluding equipment acquisition)	29,886	33,386	27,946	5,440	
Gas (natural or propane)	15,300	16,300	13,465	2,835	
Fuel Oil	2,550	7,550	4,031	3,519	
Telecommunications Costs	23,970	23,970	21,345	2,625	
Gasoline	85,000	115,000	103,172	11,828	
MUNICIPAL COURT:					
Municipal Court:					
Salaries and Wages	21,828	22,328	22,024	304	
Other Expenses	30,088	30,088	26,366	3,722	
Total Operations - Within "CAPS "	5,601,756	5,601,757	4,656,914	234,838	710,005
Detail:					
Salaries and Wages	2,813,878	2,797,678	2,500,927	68,851	227,900
Other Expenses	2,787,878	2,804,079	2,155,987	165,987	482,105
DEFERRED CHARGES AND STATUTORY EXPENDITURES Within "CAPS":					
Statutory Expenditures :					
Social Security System (O.A.S.I.)	220,320	220,320	201,469	8,851	10,000
Contribution to:					
PERS	178,448	178,448	178,448		
PFRS	183,751	183,751	183,751		
Deferred Compensation-Employers' Share	50,000	50,000	39,625	375	10,000
Total Deferred Charges and Statutory Expenditures-within "CAPS"	632,519	632,519	603,293	9,226	20,000
Total General Appropriations for Municipal Purposes Within "CAPS"	6,234,275	6,234,276	5,260,207	244,064	730,005

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 5

	<u>APPROPRIATION</u>	<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER</u>	<u>PAID OR</u>	
		<u>MODIFICATION</u>	<u>CHARGED</u>	<u>RESERVED</u> <u>CANCELED</u>
OPERATIONS-EXCLUDED from "CAPS"				
Insurance (N.J.S.A. 40A:4-45.3(00)):				
Employee Group Health			-	
Aid to Library	57,200	57,200	57,200	
Contribution to:				
PERS			-	
PFRS			-	
Affordable Housing	22,936	22,936	8,091	2,345
LOSAP	61,200	61,200	61,200	12,500
Total Other Operations-Excluded from "CAPS"	141,336	141,336	126,491	2,345
				12,500
Interlocal Municipal Service Agreements Excluded from "CAPS":				
Clinton Township Interlocal Agreement	17,000	17,000	15,836	1,164
Califon Borough Interlocal Agreement	66,361	66,361	94	66,267
Total Interlocal Municipal Service Agreements	83,361	83,361	15,930	0
				67,431
Public and Private Programs Offset by Revenues-:				
Excluded from "CAPS"				
Clean Communities Program:				
Other Expenses	21,055	21,055	21,055	
Body Armor Grant:	1,288	1,288	1,288	
Other Expenses			-	
State Forestry Grant:				
Other Expenses ARRA	7,000	7,000	7,000	
Recycling Tonnage Grant:				
Other Expenses		3,724	3,724	
Total Public and Private Programs				
Offset by Revenues-Excluded from "CAPS"	29,343	33,067	33,067	
Total Operations-Excluded from "CAPS"	254,040	257,764	175,488	2,345
				79,931
Detail:				
Other Expenses	254,040	257,764	175,488	2,345
				79,931

CURRENT FUND
STATEMENT OF EXPENDITURES

A-3
Sheet 6

	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>EXPENDED PAID OR CHARGED</u>	<u>RESERVED</u>	<u>CANCELED</u>
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	450,000	450,000	450,000		
Total Capital Improvements-Excluded from "CAPS"	450,000	450,000	450,000		
Municipal Debt Service-Excluded from "CAPS":					
Payment of Bond Principal	843,000	843,000	843,000		
Payment of Bond Anticipation and Capital Notes	125,000	125,000	-		125,000
Interest on Bonds	456,842	456,842	456,842		
Interest on Bond Anticipation and Capital Notes	158,238	158,238	158,238		
Loan Payments for Principal and Interest	100,860	100,859	100,858		1
NJ Wastewater Treatment Trust	30,328	30,328	30,056		272
Total Municipal Debt Service	1,714,268	1,714,267	1,588,994		125,273
Deferred Charges-Excluded from "CAPS":					
Ordinance # 22-2003	47,700	47,700	47,700		
Ordinance # 23-2003	3,749	3,749	3,749		
Ordinance # 16-2003	42,664	42,664	42,664		
Ordinance # 15-2005	16,200	16,200	16,200		
Total Deferred Charges	110,313	110,313	110,313		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,528,621	2,532,344	2,324,795	2,345	205,204
Subtotal General Appropriations	8,762,896	8,766,620	7,585,002	246,409	935,209
Reserve For Uncollected Taxes	1,001,018	1,001,018	1,001,018		
TOTALS	\$ 9,763,914	\$ 9,767,638	\$ 8,586,020	\$ 246,409	\$ 935,209

A A-1

	<u>REF.</u>	
Appropriation 40A:4-87	A-2	\$ 3,724
Budget	A-2	9,763,914
		<u>\$ 9,767,638</u>

	<u>REF.</u>	
Reserve for State Grants	A-19	\$ 33,067
Deferred Charges	C	110,313
Reserve for Encumbrances	A-10	7,441,622
Reserve for Uncollected Taxes	A-2	1,001,018
		<u>\$ 8,586,020</u>

TRUST FUND
COMPARATIVE BALANCE SHEET

B

ASSETS	REF.	BALANCE 12/31/11	BALANCE 12/31/10
Dog License Fund:			
Cash and Cash Equivalents	B-2	\$ 5,503	\$ 1,041
Total Dog License Fund		<u>5,503</u>	<u>1,041</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-2	1,216,931	723,212
Amount Due from Current Fund	B-6	<u>152,375</u>	<u>-</u>
Total Other Trust Funds		<u>1,369,306</u>	<u>723,212</u>
TOTAL ASSETS		<u>\$1,374,809</u>	<u>\$ 724,253</u>

LIABILITIES, RESERVES AND FUND BALANCE

Dog License Fund:			
Reserve for Dog Fund Expenditures	B-3	\$ 5,471	\$ 1,001
Amount Due State of New Jersey	B-4	8	12
Amount Due Current Fund	B-5	<u>24</u>	<u>28</u>
Total Dog License Fund		<u>5,503</u>	<u>1,041</u>
Other Trust Fund:			
Reserve for Developers Escrow	B-7	585,791	224,858
Reserve for State Unemployment Insurance	B-8	55,201	43,801
Reserve for Whittemore Trust	B-9	964	28
Reserve for Accumulated Leave	B-10	214,034	213,887
Reserve for Developers Housing	B-11	40,713	46,526
Reserve for Open Space Trust Fund	B-12	321,116	193,551
Reserve for Outside Police Duty	B-13	678	2
Reserve for Ruthe Mueller Trust	B-14	559	559
Reserve for Tax Sale Premiums	B-15	<u>150,250</u>	<u>-</u>
Total Other Trust Fund		<u>1,369,306</u>	<u>723,212</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$1,374,809</u>	<u>\$ 724,253</u>

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET

C

ASSETS	REF.	BALANCE <u>12/31/11</u>	BALANCE <u>12/31/10</u>
Cash and Cash Equivalents	C-2	\$ 917,549	\$ 2,101,416
Due Current Fund	C-3	109,505	88,792
Accounts Receivable	C-4	313,000	313,000
Deferred Charges to Future Taxation:			
Funded	C-5	10,889,368	11,852,939
Unfunded	C-6	<u>10,380,604</u>	<u>11,040,917</u>
TOTAL ASSETS		<u>\$22,610,026</u>	<u>\$25,397,064</u>

LIABILITIES, RESERVES AND FUND BALANCE

Capital Improvement Fund	C-8	155,910	155,910
Loans Payable - State of New Jersey	C-9	381,368	501,939
Bond Anticipation Notes Payable	C-10	9,999,181	10,549,181
Serial Bonds Payable	C-12	10,508,000	11,351,000
Encumbrances	C-7	8,312	118,851
Improvement Authorizations:			
Funded	C-11	108,870	24,045
Unfunded	C-11	48,367	482,492
Various Reserves	C-13	293,897	1,484,248
Fund Balance	C-1	<u>1,106,121</u>	<u>729,398</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$22,610,026</u>	<u>\$25,397,064</u>

GENERAL CAPITAL FUND
SCHEDULE OF FUND BALANCE

C-1

	<u>REF.</u>		
Balance December 31, 2010	C	\$	729,398
Increased by:			
Canceled Improvement Authorizations	C-11	\$	291,828
Bond Anticipation Note Premium	C-2	<u>84,895</u>	<u>376,723</u>
			1,106,121
Balance December 31, 2011	C	<u>\$</u>	<u>1,106,121</u>

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET

D

ASSETS	REF.	HUNTERS		TOTALS	
		GLEN	OLDWICK	DECEMBER 31, 2011	2010
Operating Fund:					
Cash and Cash Equivalents	D-4	\$ 34,347	\$ 50,098	\$ 84,445	\$ 73,028
Receivables with Full Reserves:					
Consumer Accounts Receivable and Liens	D-6	644	4,228	4,872	2,830
Total Operating Fund		<u>34,991</u>	<u>54,326</u>	<u>89,317</u>	<u>75,858</u>
Capital Fund:					
Cash and Cash Equivalents	D-4	23,100	72,609	95,709	115,709
Fixed Capital	D-8	36,000	931,115	967,115	967,115
Fixed Capital - Authorized and Uncompleted	D-9		20,000	20,000	20,000
Total Capital Fund		<u>59,100</u>	<u>1,023,724</u>	<u>1,082,824</u>	<u>1,102,824</u>
TOTAL ASSETS		<u>\$ 94,091</u>	<u>\$ 1,078,050</u>	<u>\$ 1,172,141</u>	<u>\$ 1,178,682</u>

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:					
Liabilities:					
Appropriation Reserves :					
Encumbered	D-3	\$ 4,240	\$ 13,821	\$ 18,061	\$ 4,282
Unencumbered	D-3	7,920	13,433	21,353	19,523
Sewer Rent Prepaid	D-5	2,021	17	2,038	1,961
Reserve for Receivables	D	644	4,228	4,872	2,830
Fund Balance	D-1	<u>20,166</u>	<u>22,827</u>	<u>42,993</u>	<u>47,262</u>
Total Operating Fund		<u>34,991</u>	<u>54,326</u>	<u>89,317</u>	<u>75,858</u>
Capital Fund:					
General Electric Loan Payable	D-14		134,366	134,366	147,784
Capital Improvement Fund	D-11	23,100	46,000	69,100	89,100
Improvement Authorization - Funded	D-10		26,609	26,609	26,609
Deferred Reserve for Amortization	D-13		20,000	20,000	20,000
Reserve for Amortization	D-12	<u>36,000</u>	<u>796,749</u>	<u>832,749</u>	<u>819,331</u>
Total Capital Fund		<u>59,100</u>	<u>1,023,724</u>	<u>1,082,824</u>	<u>1,102,824</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 94,091</u>	<u>\$ 1,078,050</u>	<u>\$ 1,172,141</u>	<u>\$ 1,178,682</u>

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

D-1

REVENUE AND OTHER INCOME REALIZED	REF.	HUNTERS		TOTALS	
		GLEN	OLDWICK	DECEMBER 31, 2011	2010
Operating Surplus	D-2	\$ 8,150	\$ 19,000	\$ 27,150	\$ 56,187
Rents	D-2	65,998	108,625	174,623	175,469
Miscellaneous					
Interest Earned	D-2	176	419	595	1,496
Interest/Penalties on Rent	D-2	43	2,803	2,846	506
Other Credits to Income					
Balance of Reserved Budget	D-7	2,138	13,729	15,867	41,488
Refund of Prior Year Revenue	D-4	-	-	-	82
Total Income		<u>76,505</u>	<u>144,576</u>	<u>221,081</u>	<u>275,228</u>
EXPENDITURES					
Operating	D-3	76,100	102,490	178,590	190,229
Capital Improvements	D-3			-	30,000
Debt Service	D-3	-	19,610	19,610	21,258
Interfund Advance	D-4	-	-	-	2,136
Total Expenditures		<u>76,100</u>	<u>122,100</u>	<u>198,200</u>	<u>243,623</u>
Excess (Deficit) Revenue Over Expenditures		405	22,476	22,881	31,605
Balance January 1	D	<u>27,911</u>	<u>19,351</u>	<u>47,262</u>	<u>71,844</u>
		28,316	41,827	70,143	103,449
Decreased by:					
Utilized as Anticipated Revenue	D-1	<u>8,150</u>	<u>19,000</u>	<u>27,150</u>	<u>56,187</u>
Balance December 31	D	<u>\$ 20,166</u>	<u>\$ 22,827</u>	<u>\$ 42,993</u>	<u>\$ 47,262</u>

SEWER UTILITY FUND
STATEMENT OF REVENUES

D-2

HUNTERS GLEN

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Operating Surplus	D-1	\$ 8,150	\$ 8,150	
Rents	D-1	66,000	65,998	\$ (2)
Delinquent Penalties	D-1	1,950	43	(1,907)
Miscellaneous - Interest	D-1		176	176
Total Sewer Utility Revenue		<u>\$ 76,100</u>	<u>\$ 74,367</u>	<u>\$ (1,733)</u>
REF.		D-3	D-1	

OLDWICK

	<u>REF.</u>	<u>ANTICIPATED BUDGET</u>	<u>REALIZED</u>	<u>EXCESS OR (DEFICIT)</u>
Operating Surplus	D-1	\$ 19,000	\$ 19,000	
Rents	D-1	108,000	108,625	\$ 625
Delinquent Penalties	D-1	100	2,803	2,703
Miscellaneous - Interest	D-1		419	419
Total Sewer Utility Revenue		<u>\$ 127,100</u>	<u>\$ 130,847</u>	<u>\$ 3,747</u>
REF.		D-3	D-1	

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES

D-3

HUNTERS GLEN

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>	
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>
OPERATING:				
Salaries and Wages	\$ 6,500	\$ 6,500	\$ 4,774	\$ 1,726
Other Expenses	69,150	69,150	62,956	6,194
DEP Permits	450	450	450	-
Total Sewer Utility Appropriations	\$ 76,100	\$ 76,100	\$ 68,180	\$ 7,920

REF.

D-2

D

Paid	D-4	\$ 63,940
Charged - Encumbered	D	4,240
		<u>\$ 68,180</u>

OLDWICK

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>CANCELED</u>	<u>RESERVED</u>
OPERATING:					
Salaries and Wages	\$ 17,000	\$ 17,000	\$ 13,178		\$ 3,822
Other Expenses	87,190	87,164	72,553	\$ 5,000	9,611
Debt Service - Principal	13,418	13,418	13,418		
Debt Service - Interest	6,192	6,192	6,192		
DEP Permits	3,300	3,326	3,326		0
Total Sewer Utility Appropriations	\$ 127,100	\$ 127,100	\$ 108,667	\$ 5,000	\$ 13,433

REF.

D-2

D-1

D

Paid	D-4	\$ 94,846
Charged - Encumbered	D	13,821
		<u>\$ 108,667</u>

PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET

E

ASSETS	REF.	BALANCE	BALANCE
		12/31/11	12/31/10
Cash and Cash Equivalents	E-1	\$ 8,682	\$ 8,652
TOTAL ASSETS		<u>\$ 8,682</u>	<u>\$ 8,652</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance		\$ 8,682	\$ 8,652
TOTAL LIABILITIES AND RESERVES		<u>\$ 8,682</u>	<u>\$ 8,652</u>

GENERAL FIXED ASSETS
STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31, 2011

F

	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
General Fixed Assets:		
Land and Buildings	\$ 37,075,102	\$ 37,075,102
Machinery and Equipment	9,423,196	9,423,196
Total General Fixed Assets	<u>\$ 46,498,298</u>	<u>\$ 46,498,298</u>
Investment In General Fixed Assets	<u>\$ 46,498,298</u>	<u>\$ 46,498,298</u>

PAYROLL AGENCY FUND
COMPARATIVE BALANCE SHEET

G

	<u>BALANCE</u> <u>12/31/11</u>	<u>BALANCE</u> <u>12/31/10</u>
ASSETS		
Cash and Cash Equivalents	\$ (134)	\$ 2,838
TOTAL ASSETS	<u>\$ (134)</u>	<u>\$ 2,838</u>
LIABILITIES AND RESERVES		
Payroll Deductions Payable	\$ (134)	\$ 2,838
TOTAL LIABILITIES AND RESERVES	<u>\$ (134)</u>	<u>\$ 2,838</u>

NOTES TO FINANCIAL STATEMENTS

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT POLICIES

A. Reporting Entity

GASB Statement No.14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division requires the financial statements of the Township to be reported separately.

The financial statements of the Township of Tewksbury include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township, as The financial statements of the Township do not include the operations of the Board of Education.

B. Description of Funds

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

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

Current Fund

Resources and expenditures for governmental operations of a general nature, including State grants for operations.

Trust Funds

Records the receipts, disbursement and custodianship of monies in accordance with the purpose for which each account was established.

General Capital Fund

The receipts and disbursement of funds for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund. General bonds and notes payable are recorded in this fund offset by deferred charges to future taxation.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

B. Description of Funds (Continued)

Sewer Operating and Capital Fund

Account for the operations and acquisition of capital facilities of the municipality-owned Sewer Utility.

Public Assistance Fund

Receipt and disbursements of funds that provide assistance to certain residents of the Township pursuant to the provisions of Title 44 of New Jersey statutes.

General Fixed Assets Account Group

To account for all fixed assets of the Township. The Township's infrastructure is not reported in the group.

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 policies in New Jersey follow.

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

Revenues--are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from State grants are realized as revenue when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible of accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT 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 Township'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 cancelled 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.

Property Tax Revenue--Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, Open Space and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1.

The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally.

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. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid to the County by the Township quarterly on February 15,

May 15, August 15 and November 15. Open Space Levy, to be paid quarterly to the Township's other trust funds, on February 15, May 15, August 15 and November 15. When unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on April 1 in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to provisions of the New Jersey Statutes, enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

In accordance with the accounting Principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP required tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

C. Basis of Accounting (Continued)

Deferred School Taxes--A portion of the school taxes collected at December 31 relating to the period January 1 to June 30 of the subsequent year have been included in fund balance. GAAP requires such revenue to be deferred and recognized in the accounting period when it becomes susceptible to accrual.

Foreclosed Property--Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

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.

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

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

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

No depreciation is to be provided for in the financial statements. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

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

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

C. Basis of Accounting (Continued)

Budget and Budgetary Procedures--The foundation of the New Jersey local finance system is the annual cash basis budget required under the Local Budget Law (N.J.S.A.40A:4-1, et seq.). Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The normal budget calendar begins early in the fiscal year with introduction, public advertisement and after state approval, budget adoption. The cash basis for revenues and budgetary basis for expenditures is the budget basis of accounting.

The Township is not required to adopt budgets for the following funds:

**General Capital Fund
Public Assistance Fund
Trust Fund**

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption, must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board, may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. 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. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Government Body. Expenditures may not legally exceed budgeted appropriations at the line item level.

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 an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations at December 31, are reported as expenditures through the establishment of appropriations reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

Tax Appeals and Other Contingent Losses--Losses which arise from tax appeals and other contingent losses are recognized at the time an unfavorable decision is rendered by an administrative or judicial body.

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

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the municipality's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Use of Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Departures from Generally Accepted Accounting Principles--The accounting principles and practices followed by the Township differ generally accepted accounting principles applicable to local government units. The more significant differences are as follows:

- Taxes and other receivables are fully reserved.
- Interfund receivables in the Current Fund are fully reserved.
- Unexpended and uncommitted appropriations are reflected as expenditures.
- Overexpended appropriations and emergency appropriations are deferred to the succeeding years' operations.
- Undetermined contributions to state-administered pension plans applicable to the six months ended December 31 are not accrued.
- Estimated losses arising from tax appeals and other contingencies are not recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

It was not practicable to determine the effect of such difference.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 1: SUMMARY OF SIGNIFICANT POLICIES (Continued)

C. Basis of Accounting (Continued)

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

Note 2: CASH AND CASH EQUIVALENTS

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the municipality's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At December 31, 2011, all of the municipality's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The municipality does not have a policy for custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 2: CASH AND CASH EQUIVALENTS (Continued)

As of December 31, 2011, cash and cash equivalents of the municipality consisted of the following:

	Cash and Cash <u>Equivalents</u>	<u>Total</u>
Checking	\$ 10,116,172	\$10,116,172

The carrying amount of the municipality's cash and cash equivalents at December 31, 2011, was \$10,949,001 and the bank balance was \$10,172,957. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$500,559 was covered by federal depository insurances and \$9,672,398 was covered by collateral pool.

Note 3: LONG-TERM DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal expenditures. All bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued by temporarily finance capital projects, must be paid off within ten years or retired by issuance of bonds.

The Township debt is summarized as follows:

Summary of Municipal Debt

	YEAR <u>2011</u>	YEAR <u>2010</u>	YEAR <u>2009</u>
Issued			
General:			
Bonds and Notes	\$ 20,888,549	\$ 22,402,120	\$ 23,376,695
Sewer Utility:			
Bonds and Notes	134,366	147,784	160,556
Net Debt Issued	21,022,915	22,549,904	23,537,251
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	381,423	491,736	602,089
Sewer Utility:			
Bonds and Notes	NONE	NONE	NONE
Total Authorized But Not Issued	381,423	491,736	602,089
Total Deductions	(341,959)	(1,479,174)	(1,498,197)
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 21,062,379</u>	<u>\$ 21,562,466</u>	<u>\$ 22,641,143</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

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 1.19%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 9,611,396	\$ 9,611,396	
Utility Debt	134,366	134,366	\$ -
General Debt	21,404,338	341,959	21,062,379
	<u>\$ 31,150,100</u>	<u>\$ 10,087,721</u>	<u>\$ 21,062,379</u>

Net Debt \$ 21,062,379 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended, \$1,774,332,836 equals 1.19%

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 62,101,649
Net Debt	<u>21,062,379</u>
Remaining Borrowing Power	<u>\$ 41,039,270</u>

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

Calendar Year	<u>General</u>		<u>Sewer Utility</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 903,524	\$ 434,491	\$ 14,098	\$ 6,544
2013	969,565	398,046	14,811	5,831
2014	985,617	357,193	15,561	5,081
2015	1,000,692	313,210	16,349	4,393
2016	1,018,730	269,507	17,177	3,465
2017-2026	<u>6,011,240</u>	<u>957,761</u>	<u>56,370</u>	<u>5,000</u>
	<u>\$ 10,889,368</u>	<u>\$ 2,730,208</u>	<u>\$ 134,366</u>	<u>\$ 30,314</u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 3: LONG-TERM DEBT (Continued)

General Obligation Bonds and Loans

The Township has outstanding at December 31, 2011, a New Jersey Green Trust Loan in the amount of \$280,532. This note matures on September 5, 2021. The interest rate on the note was 2%. Principal and interest on this note is paid on a semiannual basis from the current fund budget of the Township.

The Township has outstanding at December 31, 2011, a New Jersey Wastewater Loan in the amount of \$100,836. This note matures on August 1, 2021. The interest rate on the note is at zero interest. Principal on this note is paid on a semiannual basis from the current fund budget of the Township.

Refunding Bonds-Multi-Purposes-dated June 30, 2005, issued in the original amount of \$5,485,000 with interest rates ranging from 3.00% to 5.00% to advance refund \$5,269,000 bonds with interest rates of 5.00%. The net proceeds were used to purchase U.S. government securities, which were deposited in an irrevocable trust to provide debt service payments until the bonds are called on August 1, 2012. This refunding bond is payable in annual installments ranging from \$25,000 to \$500,000 through August 1, 2019. Interest is calculated at 3.0-5.0% and is included in the semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2011, was \$4,010,000. Outstanding loan principal and interest is paid from the Current Fund of the Township.

General Improvement Bonds-Multi-Purposes-dated January 12, 2006, issued in the original amount of \$1,880,000. This bond is payable in annual installments ranging from \$117,000 to \$181,000 through January 1, 2019. Interest is calculated ranging from 4.0% to 3.60%, and is included in the semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2011, was \$1,267,000. Outstanding loan principal and interest is paid from the Current Fund of the Township.

General Obligation Bonds-Open Space Purpose-dated January 12, 2006, issued in the original amount of \$6,396,000. This bond is payable in annual installments ranging from \$225,000 to \$1,590,000 through January 1, 2026. Interest is calculated ranging from 4.0% to 3.60%, and is included in the semi-annual installments. This method of calculating interest is in conformity with New Jersey Statutes. The remaining balance as of December 31, 2011, was \$5,231,000. Outstanding loan principal and interest is paid from the Current Fund of the Township.

Bond Anticipation Notes

The Township has outstanding at December 31, 2011, bond anticipation notes in the amount of \$9,999,181 payable to Jefferies & Company, Inc. These notes mature on June 20, 2012. The interest rate on the notes are 1.25%. Principal and interest on this note is paid from the current fund or open space trust fund budget.

	Debt <u>Outstanding</u>
Total General Capital Bonds, Loans and Notes Above	\$ 20,888,549
Total Sewer Utility Bonds, Loans and Notes Above	<u>134,366</u>
Total Debt Issued and Outstanding	<u><u>\$ 21,022,915</u></u>

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 4: GENERAL FIXED ASSETS

The following is a summary of changes in the general fixed assets:

	Balance <u>1/1/11</u>	<u>Additions</u>	Adjustments/ <u>Deletions</u>	Balance <u>12/31/11</u>
Land and Buildings	\$ 37,075,102	\$ -		\$ 37,075,102
Machinery and Equipment	9,423,196	-	-	9,423,196
	<u>\$ 46,498,298</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 46,498,298</u>

Note 5: FUND BALANCES APPROPRIATED

Fund Balances at December 31, 2011, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2012, were as follows:

Current Fund	\$2,368,000	(Introduced Budget)
Sewer Utility Fund	\$28,884	(Introduced Budget)

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. The Township elected to fund various capital ordinances over a five year period through the municipal operating budget. At December 31, 2011, the Township recorded the following deferred charges which are included in the following budgets:

	Balance <u>12/31/11</u>	Raised as 2012 Budget <u>Appropriation</u>	Balance to Succeeding Budgets
Capital Fund:			
Debt Authorized to be Raised as Budgeted Appropriations	\$ 330,939	\$ 110,313	\$ 220,626
	<u>\$ 330,939</u>	<u>\$ 110,313</u>	<u>\$ 220,626</u>

The appropriations in the 2012 Budget are not less than that required by statute.

Note 7: SCHOOL TAXES

Local District Tax has been raised and liabilities deferred by statute (under provisions of C.63, P.L.1991, as amended), resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	TOTAL DEFERRED TAX <u>12/31/11</u>	LOCAL DISTRICT SCHOOL TAX BALANCE <u>12/31/11</u>	BALANCE <u>12/31/10</u>	TOTAL DEFERRED TAX <u>12/31/10</u>	REGIONAL HIGH SCHOOL TAX BALANCE <u>12/31/11</u>	BALANCE <u>12/31/10</u>
Balance of Tax		\$ 6,031,900	\$ 6,108,136		\$ 3,492,720	\$ 3,227,166
Deferred		<u>5,520,004</u>	<u>5,520,004</u>		<u>3,227,166</u>	<u>3,227,166</u>
Tax Payable		<u>\$ 511,896</u>	<u>\$ 588,132</u>		<u>\$ 265,554</u>	<u>\$ -</u>
Tax Deferred	<u>\$ 8,747,170</u>			<u>\$ 8,747,170</u>		

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 8: PENSIONS

Description of Plans - All required employees of the Township are covered by the Public Employees' Retirement System which has been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, obligations of the System will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

The PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Township's normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 8: PENSIONS-(Continued)

<u>Three-Year Trend Information for PERS and PFRS</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2011	\$362,199	100%	-0-
2010	\$284,152	100%	-0-
2009	\$274,543	100%	-0-

Note 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The Municipality does not provide post-employment benefits other than pension.

Note 10: ACCRUED SICK AND VACATION BENEFITS

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the liability related to unused sick pay.

The Township has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon amount as determined by the Township Committee. At the time of audit the cost of such unpaid compensation totaled \$160,117. Such compensation would be included in the Township's budget operating expenditures in the year it is used.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 11: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Township participated in a number of state assisted grant programs administered at the state level. These programs, exclusive of the single audit concept, can be subject to program compliance audits by the grantors or their representatives. Accordingly, the Township's compliance with certain applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Township expects such amounts, if any, to be immaterial.

LITIGATION

The Township is involved with various litigation matters. We are advised by Township Counsel, that the Township is not involved in any current litigation that would have a material impact on the Financial Statements. However there is one matter of threatening litigation related to site improvements on COAH requirements, of which Counsel advises the impact is unknown at this time.

Note 12: OTHER REQUIRED DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning individual funds including:

- A. Summary disclosures of debt service requirements for all types of outstanding debt. This requirement is met by Note 3.
- B. Summary disclosures of changes in general fixed assets by major asset class. This requirement is met by Note 4.
- C. Summary disclosures of changes in general long-term debt. This requirement is met by Note 3.
- D. Excesses of expenditures over appropriations in individual funds. There were no excess of expenditures over appropriations in any of the individual funds where budgets were required or employed as a management control device.
- E. Deficit fund balances or retained earnings balances of individual funds. There were no deficits in fund balances or retained earnings in any of the individual funds, except as noted in Note 6.
- F. Individual fund interfund receivable and payable balances. All interfund receivable and payable balances outstanding at the beginning of the fiscal period were fully liquidated during the fiscal period, with the following exceptions outstanding at December 31, 2011:

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 12: OTHER REQUIRED DISCLOSURES (Continued)

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Current Fund	\$ 24	\$ 290,811
Federal/State Grants Fund	28,931	-
General Capital Fund	109,505	-
Other Trust Funds	<u>152,375</u>	<u>24</u>
	<u>\$ 290,835</u>	<u>\$ 290,835</u>

Note 13: RISK FINANCING

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage. There were no significant reductions in insurance coverage from coverage in the prior year.

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APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of June 1, 2012 by the Township of Tewksbury, New Jersey, a political subdivision duly organized under the laws of the State of New Jersey (the “Issuer”).

WITNESSETH:

WHEREAS, the Issuer is issuing its General Obligation Bonds, Series 2012 dated their date of delivery in the aggregate principal amount of \$9,998,000 (the “Bonds”) on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to bond ordinances adopted by the Issuer and a certificate signed by the Issuer on June __, 2012; and

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

WHEREAS, the Issuer represented in its Notice of Sale dated May 24, 2012 (the “Notice of Sale”) that it would deliver on the closing date for the Bonds a “Continuing Disclosure Certificate” pursuant to which the Issuer will agree to provide certain financial and operating data, and timely notice of certain enumerated events required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on June __, 2012, the Issuer accepted the bid of _____, on behalf of itself and each of the original underwriters for the Bonds (each, a “Participating Underwriter”) for the purchase of the Bonds; and

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

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

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

ARTICLE I DEFINITIONS

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

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

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

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

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

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

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

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

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

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

“Final Official Statement” means the final Official Statement of the Issuer dated June __, 2012 pertaining to the Bonds.

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

“Fiscal Year” means the fiscal year of the Issuer. As of the date of this Certificate, the Fiscal Year of the Issuer begins on January 1 and closes on December 31 of each calendar year.

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

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

“Operating Data” means the financial and statistical information of the Issuer of the type included in the Final Official Statement under the headings “Ten Largest Taxpayers”, “Property Valuations”, “Tax Apportionment and Tax Rate”, “Tax Levy Apportionment”, “Tax Levy and Collection”, “Delinquent Taxes and Tax Title Liens”, and “Debt Information”.

“State” means the State of New Jersey.

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

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

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

ARTICLE II

CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

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

(a) Not later than nine months after the end of each Fiscal Year, commencing with the Fiscal Year of the Issuer ending December 31, 2012, an Annual Report to the MSRB;

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

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

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

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;

- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

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

Section 2.3 Form of Annual Report.

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

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

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

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

(a) If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of

such occurrence with the MSRB (the “Disclosure Event Notice”) in the form provided by the Issuer.

(b) The Issuer and/or the Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a written report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate and stating the date it was provided.

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

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

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

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

ARTICLE III DISCLOSURE DEFAULT AND REMEDIES

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

Section 3.2 Remedies on Default.

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

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

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

ARTICLE IV MISCELLANEOUS

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

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

Section 4.3 Notices. All notices required to be given or authorized shall be in writing and shall be sent by registered or certified mail to the Issuer, 169 Old Turnpike Road, Califon, New Jersey 07830, Attention: Judie A. McGrorey.

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

Section 4.5 Amendments, Changes and Modifications.

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

(i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;

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

(iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions

with respect to matters or questions arising under this Certificate which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification.

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

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

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

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

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

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

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

IN WITNESS WHEREOF, THE TOWNSHIP OF TEWKSBURY, NEW JERSEY
has caused this Certificate to be executed in its name and its corporate seal to be hereunto affixed
and attested by its duly authorized officers, all as of the date first above written.

[SEAL]

TOWNSHIP OF TEWKSBURY, NEW JERSEY

ATTEST:

By: _____
Judie A. McGrorey, Chief Financial Officer

APPENDIX D

NOTICE OF SALE

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**TOWNSHIP OF TEWKSBURY,
IN THE COUNTY OF HUNTERDON,
NEW JERSEY**

**NOTICE OF SALE OF
\$9,998,000
GENERAL OBLIGATION BONDS, SERIES 2012
(BOOK-ENTRY BONDS) (BANK-QUALIFIED)
(CALLABLE)**

ELECTRONIC PROPOSALS (the “Proposals”), via BiDCOMP/PARITY Competitive Bidding System ("PARITY") only, will be received by the Chief Financial Officer of the Township of Tewksbury in the County of Hunterdon, New Jersey (the “Township”), on June 6, 2012 until 11:00 a.m., New York City time, at which time they will be announced, for the purchase of all, but not less than all, of the Township’s General Obligation Bonds, Series 2012 (the “Bonds”). Bidders are required to submit their Proposal for the purchase of the Bonds in accordance with the terms of the Notice of Sale.

Principal Amortization

Principal of the Bonds will be paid annually, subject to prior optional redemption, on the fifteenth day of February in the following years and in the following aggregate amounts:

General Obligation Bonds, Series 2012

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2013	\$250,000	2027	\$370,000
2014	255,000	2028	390,000
2015	260,000	2029	405,000
2016	265,000	2030	435,000
2017	270,000	2031	455,000
2018	275,000	2032	460,000
2019	280,000	2033	470,000
2020	285,000	2034	490,000
2021	290,000	2035	490,000
2022	295,000	2036	495,000
2023	300,000	2037	495,000
2024	320,000	2038	495,000
2025	345,000	2039	498,000
2026	360,000		

Interest Payment Dates

The Bonds will be dated the date of delivery (which is expected to be June 19, 2012) and will bear interest at the rate per annum specified by the successful bidder therefor in accordance herewith, payable on February 15, 2013 and semi-annually thereafter on the fifteenth day of August and February in each year until maturity or prior redemption.

Optional Redemption Provisions

The Bonds maturing on or prior to February 15, 2022 shall not be subject to redemption prior to their respective maturity dates. The Bonds maturing on or after February 15, 2022 shall be subject to redemption prior to their respective maturity dates, on or after February 15, 2022 at the option of the Township, either in whole or in part at any time in any order of maturity at one hundred percent (100%) of the principal amount of the Bonds being redeemed (the "Redemption Price"), plus in each case accrued interest thereon to the date fixed for redemption.

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

Book-Entry-Only System

As long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co., as nominee of DTC, which will credit payments of principal of and interest on the Bonds to the DTC participants as listed in the records of DTC as of each next preceding February 1 and August 1, respectively (the "Record Dates" for payment of interest on the Bonds), which participants will in turn credit such payments to the beneficial owners of the Bonds.

All bidders of the Bonds must be participants of The Depository Trust Company, New York, New York ("DTC") or affiliated with its participants. The Bonds will be issued in fully registered form, and when issued will be registered in the name of and held by Cede & Co., as

the registered owner thereof and nominee for DTC, an automated depository for securities and clearinghouse for securities transactions.

Individual purchases of beneficial ownership interests in the Bonds will be made in book-entry form (without certificates) in the denomination of \$1,000 each or any integral multiple thereof (with a minimum purchase of \$5,000). It shall be the obligation of the successful bidder to furnish to DTC an underwriter's questionnaire and the denomination of the Bonds not less than seventy-two (72) hours prior to the delivery of the Bonds.

In the event that either DTC determines not to continue to act as securities depository for the Bonds or the Township determines that the beneficial owners of the Bonds be able to obtain bond certificates, the Township will appoint a paying agent and will issue and deliver replacement Bonds in the form of fully registered certificates.

Electronic Bidding Procedures

Bids may be submitted electronically via PARITY in accordance with this Notice of Sale, until 11:00 a.m., New York City time, on June 6, 2012, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about PARITY, potential bidders may contact PARITY at (212) 849-5021. In the event that a bid for the Bonds is submitted via PARITY, the bidder further agrees that:

1. The Township may regard the electronic transmission of the bid through PARITY (including information about the purchase price of the Bonds, the interest rate or rates to be borne by the various maturities of the Bonds, the initial public offering price of each maturity and any other information included in such transmission) as though the same information were submitted directly to the Township and executed by a duly authorized signatory of the bidder. If a bid submitted electronically by PARITY is accepted by the Township, the terms of the Proposal for Bonds and this Notice of Sale and the information that is electronically transmitted through PARITY shall form a contract, and the successful bidder shall be bound by the terms of such contract.

2. PARITY is not an agent of the Township, and the Township shall have no liability whatsoever based on any bidder's use of PARITY, including but not limited to any failure by PARITY to correctly or timely transmit information provided by the Township or information provided by the bidder.

3. The Township may choose to discontinue use of electronic bidding via PARITY by issuing a notification to such effect via TM3 News Services, or by other available means, no later than 3:00 p.m. (New York City Time) on the last business date prior to the bid date set forth above.

4. Once the bids are communicated electronically via PARITY to the Township as described above, each bid will constitute a Proposal for Bonds and shall be deemed to be an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale. For purposes of submitting all Proposal for Bonds, whether by hand delivery or electronically via Parity, the time as maintained on PARITY shall constitute the official time.

5. Each bidder choosing to bid electronically shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Township nor Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure access to any qualified prospective bidder, and neither the Township nor Parity shall be responsible for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The Township is using PARITY as a communication mechanism, and not as the Township's agent, to conduct the electronic bidding for the Bonds. By using PARITY, each bidder agrees to hold the Township harmless for any harm or damages caused to such bidder in connection with its use of PARITY for bidding on the Bonds.

Bid Specifications

Each Proposal submitted must name the rate or rates of interest per annum to be borne by the Bonds bid for and the rate or rates named must be multiples of one-eighth or one-twentieth of one per centum. Not more than one rate may be named for Bonds of the same maturity. There is no limitation on the rates that may be named. If more than one rate of interest is named, no interest rate named for any maturity may be less than the interest rate named for any prior maturity, and the difference between the highest and lowest rates of interest named in the Proposal shall not exceed three percent (3%). Each Proposal submitted must be for a portion of the bonds and the purchase price specified in the proposal must be not less than 100% of the aggregate par value of the Bonds or for more than 102% of the aggregate par value of the Bonds.

Award, Delivery And Payment

The Bonds will be awarded to the bidder on whose bid the total loan may be made at the lowest net interest cost. Such net interest cost shall be computed, as to each bid, by adding to the total principal amount of Bonds the total interest cost to maturity in accordance with such bid and by deduction therefrom of the amount of premium, if any, bid, which premium shall not exceed two percent (2%) of par value of the aggregate principal amount of the Bonds. No Proposal shall be considered that offers to pay an amount less than the principal amount of Bonds offered for sale or under which the total loan is made at an interest cost higher than the lowest net interest cost to the Township under any legally acceptable proposal. If two or more such bidders offer to pay the lowest net interest cost, then the Bonds will be sold to one of such bidders selected by lot from among all such bidders. The bidder to which the Bonds are awarded (in the manner specified above) is herein referred to as the "Successful Bidder."

It is expected that delivery of the Bonds to DTC and payment for the Bonds will take place on or about, June 19, 2012 at the offices of Gibbons P.C., bond counsel to the Township ("Bond Counsel"), in Newark, New Jersey or at such other place as may be agreed upon with the Successful Bidder. The Bonds will be delivered to DTC in single denominations for each maturity of each type of bond. PAYMENT FOR THE BONDS AT THE TIME OF ORIGINAL ISSUANCE AND DELIVERY SHALL BE IN IMMEDIATELY AVAILABLE FUNDS.

Change of Bid Date and Closing Date

The Township reserves the right to postpone, from time to time, the date established for the receipt of bids and will undertake to notify registered prospective bidders via notification published on Thomson Municipal Market Monitor ("TM3") (www.tm3.com). Prospective bidders may request notification by facsimile transmission of any such changes in the date or time for the receipt of bids by so advising, and furnishing their telecopier numbers to the Chief Financial Officer of the Township at (908) 439-0022 Ext. 724, by 12:00 Noon, New York City time, on the day prior to the announced date for receipt of bids. In addition, the Township reserves the right to make changes to this Notice of Sale. Such changes will be announced on the TM3.

A postponement of the bid date will be announced via TM3 not later than 11:00 a.m., New York City time, on the last business day prior to any announced date for receipt of bids, and an alternative sale date and time will be announced via TM3 by Noon, New York City time, not less than forty-eight (48) hours prior to such alternative date for receipt of bids.

On any such alternative date and time for receipt of bids, the Township will accept electronic bids for the purchase of the Bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time for receipt of bids and any other changes announced via TM3 at the time the date and time for receipt of bids are announced.

Right To Reject Bids; Waive Irregularities

The right is reserved to reject all bids, and any bid not complying with the terms of this Notice of Sale will be rejected. The Township reserves the right to reject any or all Proposals and so far as permitted by law, to waive any irregularity or informality in any or all Proposals.

Good Faith Deposit

A good faith deposit (the "Deposit"), in the form of either (i) a financial surety bond (the "Financial Surety Bond"), or (ii) an electronic transfer of immediately available federal funds in accordance with the wiring instructions contained in the immediately succeeding paragraph, in the amount of \$199,960 is required for each bid for the Bonds to be considered. The Financial Surety Bond must be from an insurance company licensed to issue such a bond in the State of New Jersey and approved by the Director of the Division of Local Government Services of New Jersey (the "Director"). At present, the Director has approved the use of Sure-Bid, a division of Financial Security Assurance Inc. Use of any other Financial Surety Bond must be approved by the Director prior to the bid and will not be accepted by the Township unless evidence of such approval is provided prior to the bid. The Financial Surety Bond must be submitted to the Township prior to 10:30 a.m. New York City time on the date for receipt of bids, and must be in the form and substance acceptable to the Township. A Financial Surety Bond must identify the bidder whose Deposit is guaranteed by such Financial Surety Bond. The Successful Bidder for the Bonds who utilized a Financial Surety Bond is required to submit its Deposit to the Township in the form of a wire transfer not later than 1:00 p.m. New York City time on the next business day following the award. If such Deposits are not received by that time, the Financial Surety Bond may be drawn by the Township to satisfy the Deposit requirement.

A bidder providing the Deposit via electronic transfer of funds shall transmit such funds to the following:

Peapack-Gladstone Bank, Oldwick, New Jersey
ABA No.: 021205237
Account No.: 19312004
Account Name: Township of Tewksbury General Capital Account
Contact: Judie A. McGrorey, Chief Financial Officer
Phone: (908) 439-0022 Ext. 724

If an electronic transfer of funds is used, such funds must be received in the account identified immediately above no later than 10:30 a.m. New York City time on the date for receipt of bids, and must be accompanied by detailed wiring instructions for the return thereof in the event that such bidder is not the Successful Bidder. Please note that the contact information provided immediately above should be used by bidders for the purposes of confirming receipt of electronic transfer of funds and the transmittal of instructions for the return of such electronic transfers of funds in the event such bidder is not the Successful Bidder. Electronic transfers of funds of unsuccessful bidders for the Bonds will be returned upon award of the Bonds. It is the intent of the Township that electronic transfers of funds will be returned via wire transfer to the unsuccessful bidders not later than 5:00 p.m. on the date for receipt of bids, provided that wiring instructions have been provided by such unsuccessful bidder at the time of transmission of the Deposit to the Township. The Township shall not bear any liability for any delay that may occur in the return of an electronic transfer of the Deposit to an unsuccessful bidder. Interest earned on the Deposit will be credited to the Township and will not be available to the Successful Bidder for the Bonds.

The Deposit of the Successful Bidder will be collected and the proceeds thereof retained by the Township to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the Successful Bidder shall fail to comply with the terms of its respective bid, the proceeds thereof will be retained as and for full liquidated damages. Award of the Bonds to the Successful Bidder or rejection of all bids is expected to be made within five hours after opening of the bids, but such Successful Bidder may not withdraw its Proposal for Bonds until after 5:00 p.m. of the day of such bid-opening and then only if such award has not been made prior to the withdrawal.

Bond Insurance

If the Bonds qualify for issuance of any policy of municipal bond insurance, any purchase of such policy shall be at the sole option and expense of the Successful Bidder. If the Bonds are to be insured, the Successful Bidder shall pay the premium therefor prior to the delivery of the Bonds. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the Successful Bidder of its contractual obligations arising from the acceptance of its Proposal for Bonds for the purchase of the Bonds.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall

constitute cause for the failure or refusal of the Successful Bidder to accept delivery of and pay for the Bonds. The CUSIP Service Bureau charges for the assignment of CUSIP numbers on the Bonds shall be the responsibility of and shall be paid for by the Successful Bidder.

Undertakings of the Successful Bidder

THE SUCCESSFUL BIDDER SHALL MAKE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THEIR RESPECTIVE INITIAL REOFFERING PRICES AND SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW.

The successful bidder shall within thirty (30) minutes after being notified of the award of the Bonds, advise the Township in writing (via facsimile transmission) of the initial reoffering prices to the public of each maturity of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the Township within twenty-four (24) hours after notification of the award, furnish the following information to the Township to complete the Official Statement in final form, as described below:

- A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the Township that the Bonds were initially offered to the public).
- B. The identity of the underwriters if the successful bidder is part of a group or syndicate.
- C. Any other material information that the Township determines is necessary to complete the Official Statement in final form.

After the award of the bonds, the Township will prepare copies of the final Official Statement and will include therein such additional information concerning the reoffering of the bonds as the successful bidder may reasonably request. The successful bidder will be responsible to the Township in all aspects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

SIMULTANEOUSLY WITH OR BEFORE DELIVERY OF THE BONDS, THE SUCCESSFUL BIDDER SHALL FURNISH TO THE TOWNSHIP A CERTIFICATE ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (I) THE SUCCESSFUL BIDDER HAVE MADE A BONA FIDE PUBLIC OFFERING OF BONDS AT THE INITIAL REOFFERING PRICES, (II) AS OF THE DATE OF THE SALE OF THE BONDS, THE SUCCESSFUL BIDDER REASONABLY EXPECTED TO SELL A SUBSTANTIAL AMOUNT OF THE BONDS TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES, AND (III) SUBSTANTIAL AMOUNTS OF THE BONDS WERE SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER INTERMEDIARIES) AT THEIR RESPECTIVE INITIAL REOFFERING PRICES. Bond counsel advises that (i) such certificate must be made on the best knowledge, information and belief of the successful bidder, (ii) the sale to the public of 10% or more in par amount of the bonds of each maturity at the initial reoffering prices would be sufficient to certify as to the sale of a substantial amount of the bonds, and (iii) reliance on other facts as a basis for such certification would require evaluation

by bond counsel to assure compliance with the statutory requirement to avoid the establishment of an artificial price for the Bonds.

Legal Opinions

The obligations hereunder to pay for and to accept delivery of the Bonds shall be conditioned on the availability and the delivery at the time of delivery of the Bonds of the approving opinion of the law firm of Gibbons P.C., Newark, New Jersey, bond counsel to the Township, which will be furnished without cost to the Successful Bidder, substantially in the form set forth in the Official Statement distributed in preliminary form in connection with the sale of the Bonds. Such opinion shall state to the effect that the Bonds are valid and legally binding obligations of the Township, and that all the taxable property therein will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, to pay the principal of the Bonds and the interest thereon; and will also state that under existing law, interest on the Bonds is excluded from gross income for purposes of Federal income taxation. The obligations hereunder to pay for and to accept delivery of the Bonds shall be further conditioned on the availability and delivery to the Successful Bidder, at the time of delivery of the Bonds, of (i) certificates from the Township Chief Financial Officer in form satisfactory to Bond Counsel evidencing the proper execution and delivery of the Bonds, the receipt of payment therefor and the fact the Bonds will not be arbitrage obligations within the meaning of the Code; (ii) a certificate from the Township Attorney, in form and tenor satisfactory to Bond Counsel and dated as of the date of such delivery, to the effect that there is no litigation pending or (to the knowledge of the signer or signers thereof) threatened affecting the validity of the Bonds; and (iii) a certificate from the Township Chief Financial Officer, in form and tenor satisfactory to Bond Counsel and dated as of the date of such delivery, to the effect that to the best of his knowledge of such and belief, and after reasonable investigation: (1) neither the Official Statement relating to the Bonds nor any amendment, or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading; (2) since the date of the Official Statement (or the date of the most recent amendment or supplement thereto) no event has occurred which would make the statements therein untrue or, in the light of the circumstances in which they were made, misleading, and (3) there has not been any material adverse change in the operation or financial affairs of the Township since the date of such Official Statement.

Concerning The Preliminary Official Statement

The Township has issued an Official Statement with respect to the sale of the Bonds in preliminary form (the "Preliminary Official Statement") which the Township has deemed final as of its date for purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for certain omissions permitted thereunder and except for changes permitted by other applicable law.

The Preliminary Official Statement may be accessed via the Internet at www.i-dealprospectus.com. A printed version is also available upon request made to the Chief Financial Officer of the Township at 169 Old Turnpike Road, Califon, New Jersey 07830 (telephone (908) 439-0022 Ext. 724).

Official Statement

The Township agrees to provide the successful bidder with up to two hundred (200) copies of the final Official Statement adopted by the Township in relation to the sale by the Township of the Bonds within the period of time allowed under Rule 15c2-12, at the sole cost and expense of the Township, with any additional copies which the successful bidder shall reasonably request to be provided at the sole cost and expense of the successful bidder.

Continuing Disclosure

In order to assist the successful bidder in complying with Rule 15c2-12, the Township agrees to deliver on the Closing Date a Continuing Disclosure Certificate to be dated as of the Closing Date pursuant to which the Township shall agree to provide at the times and to the information repositories and other persons described in Rule 15c2-12 the financial or operating data required to be disclosed on a continuing basis pursuant to Rule 15c2-12.

Judie A. McGrorey
Chief Financial Officer

Dated: May 24, 2012

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APPENDIX E

OPINION OF GIBBONS P.C., BOND COUNSEL

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[FORM OF OPINION OF GIBBONS P.C.]

June __, 2012

Mayor and Township Committee
Township of Tewksbury
169 Old Turnpike Road
Califon, New Jersey 07830

Dear Mayor and Committee Members:

We have examined certified copies of the proceedings of the Committee of the Township of Tewksbury, in the County of Hunterdon, State of New Jersey (the "Township"), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale by the Township of its \$9,998,000 General Obligation Bonds, Series 2012 (the "Bonds") dated the date of delivery.

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes (the "Local Bond Law"), a resolution of the Township adopted May 8, 2012 (the "Resolution") and various bond ordinances of the Township adopted in all respects duly adopted by the Committee of the Township (the "Bond Ordinances").

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

<u>Maturity</u> <u>(February 15)</u>	<u>Principal</u>	<u>Maturity</u> <u>(February 15)</u>	<u>Principal</u>
2013	\$250,000	2027	\$370,000
2014	255,000	2028	390,000
2015	260,000	2029	405,000
2016	265,000	2030	435,000
2017	270,000	2031	455,000
2018	275,000	2032	460,000
2019	280,000	2033	470,000
2020	285,000	2034	490,000
2021	290,000	2035	490,000
2022	295,000	2036	495,000
2023	300,000	2037	495,000
2024	320,000	2038	495,000
2025	345,000	2039	498,000
2026	360,000		

The Bonds are subject to redemption prior to their respective maturity date.

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

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

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

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

3. Under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. We express no opinion regarding any other Federal income tax consequences arising with respect to the Bonds.

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

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

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

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

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

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

Very truly yours,

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