

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 3, 2012

**NEW ISSUE  
BOOK-ENTRY ONLY**

Rating: S&P “BBB+ (Negative Outlook)”  
(See “RATING” herein)

*In the opinion of Dilworth Paxson LLP, Bond Counsel, interest on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the conditions described in “TAX MATTERS” herein. Interest on the Bonds will not be an item of tax preference for purposes of the individual and corporate alternative minimum taxes; however, such interest is taken into account in computing the alternative minimum tax for certain corporations. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds. Further, in the opinion of Bond Counsel, interest on the Bonds and any gain on the sale thereof is not includable as gross income under the New Jersey Gross Income Tax Act. For a more complete discussion see “TAX MATTERS” herein.*

**\$9,950,000\***  
**Township of Berkeley**  
**Ocean County, New Jersey**  
**General Obligation Bonds, Series 2012**  
**(Bank Qualified) (Non-Callable)**

**Dated: Date of Delivery**

**Due: October 15, as shown below**

The \$9,950,000\* aggregate principal amount of General Obligation Bonds, Series 2012 (the “Bonds”) are general obligations of the Township of Berkeley, County of Ocean, State of New Jersey (the “Township”) for which the full faith and credit of the Township are pledged. The Township is authorized and required by law to levy ad valorem taxes on all taxable property within the Township without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The Bonds will be issued in fully registered book-entry only form and, when issued, will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC, an automated depository for securities and clearing house for securities transactions, will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof, except that any amount of Bonds maturing in any one year in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on April 15 and October 15 of each year, beginning April 15, 2013, at such rates of interest as shown below until maturity. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Township or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Township to the registered owner thereof as of the Record Dates (as defined herein).

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, as amended and supplemented (the “Local Bond Law”), various bond ordinances duly adopted by the Township Council on the dates set forth herein, and a bond resolution duly adopted by the Township Council on September 25, 2012.

The Bonds are being issued to: (i) permanently finance Bond Anticipation Notes previously issued by the Borough in the total aggregate principal amount of \$6,822,500 and maturing on October 25, 2012, and (ii) to finance a bond ordinance in the amount of \$3,177,500.

The Bonds are not subject to optional redemption prior to their stated maturities as set forth herein. See “DESCRIPTION OF THE BONDS” under the subheading entitled “Optional Redemption”.

The Bonds are not debt or obligations, legal, moral or otherwise of the State of New Jersey, or any county, municipality or political subdivision thereof other than the Township.

**MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS\***

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2013	\$525,000	%	%	2019	\$1,050,000		
2014	525,000			2020	1,050,000		
2015	525,000			2021	1,050,000		
2016	1,025,000			2022	1,050,000		
2017	1,050,000			2023	1,050,000		
2018	1,050,000						

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

The Bonds are offered when, as and if issued and delivered subject to the approval of the legality thereof by Dilworth Paxson LLP, Red Bank, New Jersey, Bond Counsel, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Financial Advisor to the Township in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the Township by the Township Attorney, Gilmore & Monahan, P.A., Toms River, New Jersey. It is anticipated that the Bonds will be available for delivery through DTC on or about October 24, 2012.

**BIDS FOR THE BONDS WILL BE RECEIVED  
BY THE TOWNSHIP UNTIL 11:00 A.M. ON OCTOBER 11, 2012, VIA PARITY.  
ALL BIDS MUST BE IN ACCORDANCE WITH THE NOTICE OF SALE POSTED AT  
WWW.I-DEALPROSPECTUS.COM  
FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,  
VISIT THE WEBSITE ADDRESS LISTED ABOVE.**

\*Preliminary, subject to change.

**TOWNSHIP OF BERKELEY  
IN THE COUNTY OF OCEAN, NEW JERSEY  
627 PINEWALD-KESWICK ROAD  
BAYVILLE, NJ 08721  
(732) 244-7400**

**MAYOR**  
Carmen F. Amato, Jr.

**TOWNSHIP COUNCIL**  
James J. Byrnes, President  
Judy Noonan, Vice President  
John Bacchione  
L. Thomas Grosse, Jr.  
Robert G. Ray  
Kevin M. Askew  
Frances R. Siddons

**MUNICIPAL CLERK**  
Beverly M. Carle

**CHIEF FINACIAL OFFCIER/TREASURER/ADMINISTRATOR**  
Frederick C. Ebenau

**TOWNSHIP ATTORNEY**  
Gilmore & Monahan, P.A.  
Toms River, New Jersey

**AUDITOR**  
William E. Antonides and Company  
Wall, New Jersey

**BOND COUNSEL**  
Dilworth Paxson LLP  
Red Bank, New Jersey

**FINANCIAL ADVISOR**  
Phoenix Advisors, LLC  
Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Bonds other than those contained in this document, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation of accuracy or completeness and such information is not to be construed as a representation of warranty 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 document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

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

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

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**OFFICIAL STATEMENT  
OF THE  
TOWNSHIP OF BERKELEY  
IN THE COUNTY OF OCEAN, STATE OF NEW JERSEY**

**RELATING TO**

**\$9,950,000\* GENERAL OBLIGATION BONDS, SERIES 2012  
(BANK-QUALIFIED)(NON-CALLABLE)**

**INTRODUCTION**

This Official Statement, which includes the cover page, and the appendices attached hereto, has been prepared by the Township of Berkeley (the "Township"), in the County of Ocean (the "County"), New Jersey (the "State") in connection with the sale and issuance of \$9,950,000\* aggregate principal amount of General Obligation Bonds, Series 2012.

**THE BONDS**

**General Description**

The Bonds will be dated the date of delivery and will mature on October 15 in each of the years and in the principal amounts as shown on the cover hereof. The interest on the Bonds will be payable semi-annually beginning April 15, 2013 and on each October 15 and April 15 thereafter. The record dates for the Bonds are each preceding October 1 and April 1, respectively (the "Record Dates"). The Bonds will be issued in book-entry form only.

The Bonds are general obligations of the Township and are secured by a pledge of the full faith and credit of the Township for the payment of the principal thereof and interest thereon. The Township is obligated to levy *ad valorem* taxes upon all of the taxable property within the Township for the payment of principal of and interest on the Bonds without limitation as to rate or amount.

**Optional Redemption**

The Bonds are not subject to optional redemption prior to their stated maturity.

**Authorization and Purpose of the Bonds**

The Township is authorized to issue the Bonds pursuant to the Local Bond Law, N.J.S.A. 40A: 2-1 et seq., as amended and supplemented (the "Local Bond Law"). The Bonds are authorized by bond ordinances adopted by the Township Council on the dates and in the amounts as described in the charts below (the "Bond Ordinances") and by a resolution adopted by the Township Council on September 25, (the "Resolution").

The proceeds of the Bonds will be used to provide funds to: (i) permanently finance the Township's Bond Anticipation Notes, outstanding in the aggregate principal amount of \$6,822,500 and maturing on October 25, 2012, and (ii) finance \$3,177,500 of new money as described in the chart below.

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\*Preliminary, subject to change.

<b>Ordinance Number</b>	<b>Description of Improvements</b>	<b>Amount of Prior Notes Being Refunded with the Bonds</b>	<b>Amount of New Money Bonds</b>
#9-11-OAB	Various capital improvements within the Township adopted on April 28, 2009.	\$2,044,000	\$0
#10-31-OAB	Various capital improvements within the Township adopted on October 26, 2010.	2,280,000	0
#11-18-OAB	Various capital improvements within the Township adopted on July 13, 2011.	2,498,500	0
#12-14-OAB	Various capital improvements within the Township adopted on July 10, 2012.	0	\$3,127,500
	Subtotal	<u>\$6,822,500</u>	<u>\$3,127,500</u>
	Total	<u>\$9,950,000</u>	

### **Payment of Bonds**

The Bonds are general obligations of the Township for which the full faith and credit of the Township will be pledged. The Township is authorized and required by law to levy *ad valorem* taxes on all taxable property within the Township for the payment of principal of and interest on Bonds without limitation as to rate or amount. See “Security for the Bonds.”

### **Denominations and Place of Payment**

The Bonds are issuable only as fully registered bonds without coupons, and when issued will be in the form of one certificate per maturity and will be registered in the name of Cede & Co., as registered owner and nominee for the Depository Trust Company (“DTC”), New York, New York. DTC will act as Securities Depository for the Bonds. Purchase of the Bonds will be made in book entry form, in the denomination of \$5,000 each or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. See “Book-Entry-Only System” herein.

### **SECURITY FOR THE BONDS**

The Bonds are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the Bonds. The Township is required by law to levy *ad valorem* taxes on all taxable real property in the Township for the payment of the principal, redemption premium, if any, of and the interest on the Bonds, without limitation as to rate or amount.

### **The Township**

The Township is located along the eastern border of the County. See Appendix “A” for demographic and statistical information concerning the Township.

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

The description which follows 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 (as each such term is hereinafter defined), confirmation and

transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township . Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Bonds and 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 in the aggregate principal amount of each maturity of the Bonds, and will be deposited with DTC..

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 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.

Redemption notices, if any, 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township or its designated Paying Agent 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 distributions on the Bonds, if any, 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 its designated Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 Township, or the Township's designated Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or its designated Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

**NEITHER THE TOWNSHIP NOR ITS DESIGNATED PAYING AGENT WILL HAVE THE RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.**

**SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS HOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX**

**MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.**

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

In the event that the book-entry only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township or its designated paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Township, or its designated paying agent, together with the duly executed assignment in form satisfactory to the Township, or its designated paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Township or its designated paying agent, may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

### **MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

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

The Local Bond Law generally governs the issuance of bonds to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes, except for the issuance of bonds. All bonds issued by the Township are general full faith and credit obligations.

#### **Debt Limits**

The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis over the past three years. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as determined annually by the State Director of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit. As indicated in Appendix "A", the Township has not exceeded its statutory debt limit.

#### **Exceptions to Debt Limits - Extensions of Credit**

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township, without approval of the Local Finance Board, to fund certain notes, to provide for self-

liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

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

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

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

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

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

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

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

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

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

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited, except for: (i) during the first three (3) months of a current fiscal year, appropriation reserves may be transferred to the immediately preceding fiscal year's budget; and (ii) transfers between major appropriation accounts are permitted during the last two (2) months of a current fiscal year. Such transfers must be approved by two-thirds of the full membership of the governing body of a local governmental unit. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

### **Appropriation "CAP"**

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.4% or less.

Additionally, new legislation constituting P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of 2%, certain increases in health care over 2%, and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above 2% not otherwise permitted under the law by an affirmative vote of 50%.

The Division has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Township to levy ad valorem taxes upon all taxable property within the boundaries of the Township to pay debt service on bonds.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of

capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

### **Tax Appeals**

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

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

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

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

### **School Debt Subject to Voter Approval**

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

## **TAX MATTERS**

### **Federal**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includable in the gross income of the holders thereof for federal income tax purposes and will not be an item of tax preference for purposes of computing the alternative minimum tax imposed on individuals and corporations. Interest on the Bonds is taken into account in computing the alternative minimum tax imposed on certain corporations.

In rendering this opinion, Bond Counsel has assumed compliance by the Township with its covenants to comply with the provisions of the Code relating to actions to be taken by the Township in respect of the Bonds after the issuance thereof to the extent necessary to effect or maintain the federal exclusion from gross income of the interest on the Bonds. These covenants relate to, among other things, the use of and investment of proceeds of the Bonds and the rebate to the United States Treasury of specified arbitrage earnings, if any. Failure of the Township to comply with such covenants could result in the interest on the Bonds becoming subject to federal income tax from the date of issuance.

Prospective purchasers of the Bonds should be aware that ownership of, accrual or 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. Prospective purchasers of the Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

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.

Federal, state or local legislation, administrative pronouncements or court decisions may affect the tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds, or the marketability of the Bonds. The effect of any legislation, administrative pronouncements or other court decisions cannot be predicted. Prospective purchasers of the Bonds should consult their tax advisors with respect to such matters and all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

Section 265(b) of the Code generally denies to institutions any deduction for that portion of interest expense incurred to purchase or carry tax-exempt obligations. An exception is provided certain small issuers who designate the obligations as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code and, provided certain conditions are met, for obligations the proceeds of which refund obligations which were designated as qualified tax-exempt obligations. Such obligations will be subject to a reduced disallowance rule. The Bonds will be designated by the Township as qualified tax exempt obligations under Section 265(b) of the Code.

## **State**

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

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

## **LEGALITY FOR INVESTMENT**

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings

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

### **CONTINUING DISCLOSURE**

The Township has covenanted for the benefit of the holders of the Bonds and the beneficial owners of the Bonds to provide certain financial information and operating data of the Township on or prior to July 15 of each year and to comply with the provisions of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented, and as detailed in a Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in APPENDIX "C" (the "Continuing Disclosure Certificate for the Bonds") attached hereto. Such Certificate shall be delivered concurrently with the delivery of the Bonds. Annual financial information, including operating data, and notices of events specified in the Rule, if material, shall be filed with the Municipal Securities Rulemaking Board (the "MSRB").

The Township filed its 2009 audited annual financial information with the Nationally Recognized Municipal Securities Information Repositories, however, it was filed late. The Township has also filed its 2010 audited and 2011 unaudited annual financial information with the MSRB through EMMA, but each was filed late. As of the date of this Official Statement, all required annual financial information has been filed. The Township has taken steps to ensure timely annual statement filings on a going-forward basis. The Township is now in compliance with all existing continuing disclosure agreements in all material respects.

### **LITIGATION**

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

Since property in the Township was revalued in 2010, the Township has been the subject of numerous property tax appeals. Judgments regarding such tax appeals have not yet been determined. In the opinion of the Township Attorney, while judgments regarding such appeals may affect the Township's ability to collect property taxes on such property owners, the magnitude of such appeals is not expected to have a material adverse impact on the financial condition of the Township or adversely affect the power of the Township to levy, collect and enforce the collection of taxes or other revenues for the payment of the Bonds.

### **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November

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

Reference should also be made to N.J.S.A. 52:27-40 through 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

### **CERTAIN REFERENCES**

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the Ordinances and the Resolution of the Township and the Bonds and all references to other material not purported to be quoted in full are only brief, generalized descriptions thereof, do not purport to be complete, and are in all respects subject to and qualified in their entireties by express reference to the complete provisions thereof. Copies of the bond ordinances and the resolution will be furnished by the Township on request.

All estimates and assumptions herein are believed to be reasonable, but no warranty, guaranty or other representation is made that such estimates or assumptions will be realized or are correct. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

### **CERTIFICATION OF OFFICIAL STATEMENT**

The Township hereby states that the descriptions and statements herein relating to the Township are true and correct in all material respects and, upon request, it will confirm to the purchasers of the Bonds, by certificates signed by the Township Chief Financial Officer that to his/her knowledge such descriptions and statements, as of the date hereof, and as of the date of delivery of the Bonds, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a



material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

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

### **RATING**

Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P"), has assigned a rating of "BBB+ (Negative Outlook)" to the Bonds. Any desired explanation of the significance of such ratings should be obtained from S&P. There is no assurance that the rating will pertain for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of the rating could have an adverse effect on the market price of the Bonds.

### **UNDERWRITING**

The Bonds have been purchased at a public sale from the Township by \_\_\_\_\_ (the "Underwriter") at a price of \$\_\_\_\_\_, pursuant to the notice of sale prepared by the Township for the sale of the Bonds.

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

### **FINANCIAL ADVISOR**

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

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bond are subject to the approval of Dilworth Paxson LLP, Red Bank, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Bonds substantially in the forms set forth as Appendix "D" Certain legal matters will be passed on for the Township by the Township Attorney.

## **FINANCIAL STATEMENTS**

Appendix "B" contains certain audited financial data of the Township for the Township's fiscal year ending December 31, 2011. The audited financial data was provided by the Auditor, to the extent and for the period set forth in their report appearing in Appendix "B", and are included herein in reliance upon the authority of such firm.

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Township's Administrator, 627 Pinewald-Keswick Road, Bayville, New Jersey 08721, telephone (732) 793-7477 or its Financial Advisor, Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey, telephone (609) 291-0130.

## **MISCELLANEOUS**

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

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

**TOWNSHIP OF BERKELEY,  
IN THE COUNTY OF OCEAN, NEW JERSEY**

By: \_\_\_\_\_  
Frederick C. Ebenau  
Chief Financial Officer/Treasurer/Administrator

Dated: October \_\_, 2012

**APPENDIX A**  
**GENERAL INFORMATION REGARDING THE TOWNSHIP**

**CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION  
CONCERNING THE TOWNSHIP OF BERKELEY,  
IN THE COUNTY OF OCEAN, STATE OF NEW JERSEY**

**General Information**

The Township of Berkeley (the "Township"), in the County of Ocean (the "County"), State of New Jersey (the "State"), was incorporated in 1875 and consists of an area of approximately 41.9 square miles. The Township is located in the central part of the County along the Atlantic Ocean and Barnegat Bay, which bay is part of the inland waterway running along the eastern seaboard of the continental United States. Approximately 72% of the Township's land area is the federally designated Pinelands National Reserve and approximately 38% of the Pinelands National Reserve is within the State's Pinelands Reserve Area. See "Environment and Growth Information" herein. Toms River, the County seat, forms the northern border of the Township, Cedar Creek and Lacey Township form the Township's southern border, and the barrier island, on which South Seaside Park and Island Beach State Park are situated, form the Township's eastern border.

The Township is primarily a residential community offering the wide beaches of Island Beach State Park on the Atlantic Ocean and the vast expanses of the Barnegat Bay and the Toms River for sailing and water sports.

Within the Township are the unincorporated areas known as South Seaside Park, Bayville, Pinewald, Manitou Park and Pelican Island in the Barnegat Bay.

Prior to 1950, the portion of the Township to the west of State Highway Route 9 was undeveloped. Residential and commercial development was concentrated in the areas of the Township known as Pinewald and Bayville along the coastline. With the opening of the Garden State Parkway and improvements to Federal, State and County highways and roadways after 1950, residential development increased and commercial development soon thereafter. For several decades, the County's population and development have increased the fastest of all counties in the State. The Township has experienced a growth in its ratables as a result of the increase in residential and commercial development. The Township is located south of the New York-Northern New Jersey metropolitan area and to the east of the Greater Philadelphia metropolitan area, each respectively being approximately 68 miles and 60 miles from the Township.

The Township is located along or near major transportation corridors to the south of the New York-Northern New Jersey metropolitan area and to the east of the Greater Philadelphia metropolitan area. The principal north to south routes in the Township are the Garden State Parkway, with three (3) access and egress ramps in or near the Township, and State Highway Route 9. The Garden State Parkway proceeds north to the New York-Northern New Jersey metropolitan area and south to Atlantic City and Cape May. State Highway Route 37 runs westerly from the barrier island to State Highway Route 70, the principal State artery leading to the Greater Philadelphia metropolitan area.

The Township is located south of Interstate 195 and north of the Atlantic City Expressway. Interstate 195 proceeds westerly to Interstate 95 which is a major beltway serving the eastern seaboard of the United States. The Atlantic City Expressway connects Atlantic City with the Greater Philadelphia metropolitan area.

## **Environmental and Growth Information**

A portion of the Township is subject to the Pinelands Protection Act, the purpose of which is to limit the impact of development on the Pinelands ecosystem, which contains a vast reservoir of potable water. The Pinelands Protection Act defines the Pinelands Area in the Township to include all lands in the Township west of the Garden State Parkway (the "Pinelands Area"). The Pinelands Protection Act further delineates a portion of the Pinelands Area into a Preservation Area, which portion contains the lands west of the Garden State Parkway and within the Cedar Creek Drainage Basin. The remaining lands within the Pinelands Area have been designated a Protection Area.

A large portion of the Township lies within the federally designated Pinelands National Reserve. Said land includes all areas east and west of the Garden State Parkway, specifically all lands south of State Highway Route 37 extending out to the barrier island known as Island Beach State Park. These lands fall within the oversight of the Pinelands Commission (the "Pinelands Commission"). Presently, all proposed development plans in the Pinelands Area are reviewed by the Pinelands Commission. The Pinelands Commission retains development oversight responsibility and authority over the Pinelands Area.

As per the 2010 Census, the population in the Township is 41,255 for the year 2010. Projection of population directly depend upon the Pinelands Commission's continued agreement to define housing needs in the western portion of the Township as previously accepted by the Pinelands Commission, the County, and the Township.

## **Area Economy**

The U.S. Census PMSA Designation for the Counties of Monmouth and Ocean classifies the two county regions as sharing certain characteristics. Employment and housing integrate the two counties with an estimated 75% of the work trips initiated in each county and ending somewhere in the two (2) county region.

The growth of the senior citizen developments in the Township (see "Senior Citizens Communities") has caused the Township to change from primarily a summer/vacation community to an all year round community. Accordingly, the former resort/tourism economic character of the Township has been altered, and the Township's economy has become more diversified and is expanding in the retail and services areas.

## **Type of Government**

Under the Optional Municipal Charter Law, N.J.S.A. 40:69a-1 et seq., as amended and supplemented, the Township is governed by the Mayor-Council Plan form of government. Under this plan, the Mayor is elected to a four (4) year term and a Township Council consists of seven (7) members each elected to terms of four (4) years on a staggered basis.

## **Public Safety**

The Township's public safety needs are satisfied by the Township's Division of Police, which is headquartered at the Samuel R. Britton Law Enforcement Center. The Division of Police consist of one (1) Chief, two (2) Captains, four (4) Lieutenants, thirteen (13) Sergeants, forty-four (44) Uniformed Police Officers, six (6) detectives, fourteen (14) crossing guards, ten (10) dispatchers and ten (10) support staff. The Division of Police is also responsible for three (3) animal control officers.

## **Volunteer Emergency Groups**

The Township is serviced by three (3) volunteer fire companies. These fire companies are known as Fire Company Number 1 - Bayville Volunteer Fire Company, Fire Company Number 2 - Pinewald Pioneer Volunteer Fire Company and Fire Company Number 3 - Manitou Park Volunteer Fire Company.

The Township is also serviced by six (6) volunteer rescue squads. These rescue squads are known as Holiday Heights First Aid Station, Holiday City Berkeley First Aid Squad, Bayville First Aid Squad, Silver Ridge Park First Aid Squad, Inc., South Toms River First Aid Squad, Inc. and Tri-Boro First Aid Squad.

## **Division of Public Works**

The Division of Public Works has two (2) Supervisors, one (1) Public Works manager, one (1) assistant supervisor and sixty-two (62) full-time employees. The Division is responsible for the maintenance and repair of all Township roads and facilities.

## **Division of Parks and Beaches**

The Division of Parks and Beaches has one (1) supervisor and thirteen (13) employees responsible for the maintenance and repair of all parks and beaches.

## **RETIREMENT SYSTEMS**

All full-time permanent or qualified Township employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions within the New Jersey Department of Treasury is the administrator of the funds with the benefit and contribution levels set by the State. The Township is enrolled in the Public Employees' Retirement System and the Police and Firemen's Retirement System.

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

The Public Employees' Retirement System ("PERS") includes approximately 206 permanent Township employees. PERS is evaluated every year. Employee rates for contribution are normally determined by the rate applicable at the age of enrollment.

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

There are seventy (70) Township employees covered under the Police and Firemen's Retirement System ("PFRS").

## **EDUCATIONAL FACILITIES**

### **Local School District**

The local school district within the Township Is a Type II school district that is coterminous with the borders of the Township. The Board of Education of the Township of Berkeley in the County of Ocean, New Jersey governs the operations of the local school district (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board). The School District provides a full range of educational services appropriate to pre-kindergarten through the sixth grades. The Board's fiscal year ends each June 30.

The Board is composed of nine (9) members elected by the legally qualified voters in the School District to terms of three (3) years on a staggered basis. The President and Vice President are chosen for one (1) year terms from among the members of the Board.

The Board is the policy making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the School District, the responsibility to develop the annual School District budget and present it to the legally registered voters in the School District.

The Board appoints a Superintendent and Board Secretary/Business Administrator who are responsible for budgeting, planning and the operational functions of the School District. The administrative structure of the Board gives final responsibility for both the educational process and the business operation to the Superintendent. The Superintendent is the chief executive officer of the Board in charge of carrying out Board policies. The Board Secretary/Business Administrator is the chief financial officer of the Board and must submit monthly financial reports to the Board and annual reports to the New Jersey Department of Education. State law requires a Treasurer of School Monies to hold in trust all school monies and to make a monthly report to the Board. The Board presently operates the following school facilities:

<b><u>Facility</u></b>	<b><u>Construction Date</u></b>	<b><u>Addition/ Renovations</u></b>	<b><u>Grade Level</u></b>	<b><u>Student Enrollment (As of 6/30/12)</u></b>
Bayville Elementary School	1926	4	K-4	430
Clara B. Worth Elementary School	1962	2	K-4	607
H&P Potter Elementary School	1973	1	K-4	485
Berkeley Township Elementary School	2004	0	5 Thru 6	538

Source: Board/Business Administrator for the Board; Board Records

### **Regional School District**

The Township's students from grades seven (7) through twelve (12) attend the Central Regional School District. The Central Regional School District (the "Regional School District") was established in 1955 in the Township and is a regional school district which includes the Township, Island Heights, Ocean Gate, Seaside Heights and Seaside Park. The Regional School District is governed by The Board of Education of the Central Regional School District (the "Regional Board" when referring to the governing body). The Regional School District provides a full range of educational services appropriate to grades seven (7) through twelve (12). The Regional Board's fiscal year ends each June 30.

The Regional Board consists of nine (9) members elected by the qualified voters within the boundaries of the five (5) aforementioned municipalities, with a President and Vice-President elected for one (1) year terms from among the Regional Board members. The Superintendent of the Regional School District is appointed by the Regional Board. The Regional Board presently operates the following school facilities:

<b><u>Facility</u></b>	<b><u>Construction Date</u></b>	<b><u>Addition/ Renovations</u></b>	<b><u>Grade Level</u></b>	<b><u>Student Enrollment (As of 6/30/12)</u></b>
Middle School	1981	1	7 thru 8	651
High School	1956	3	9 thru 12	1,349

Source: Regional Board of Education/Business Administrator for the Regional Board; Regional Board Records

### **Other Educational Facilities**

The County operates Ocean County College and the Ocean County Vocational-Technical High School which are located in Toms River and offer day and evening courses. Ocean County College has an enrollment in excess of 8,500 and offers a variety of courses in the fine and liberal arts, sciences, business, nursing, computers and technology, engineering, mathematics as well as other programs. The Ocean County Vocational-Technical High School has an enrollment in excess of 6,000 and offers approximately 40 programs ranging from trades extension and career and technical courses to high school equivalent and special needs courses.

### **Library Facilities**

The Township maintains a 45,000+ volume library in the Bayville section of the Township. In addition to books, encyclopedias and other library materials, the library has computers and internet access, over 1,400 videos, DVD's and cassettes and subscribes to over 200 magazines and newspapers. The County also provides library services from bookmobiles.

## **UTILITIES**

### **Electric, Gas and Telephone**

Electricity is provided by Jersey Central Power & Light. Gas is provided by New Jersey Natural Gas and telephone service is provided by Verizon and AT&T.

### **Water**

Water is provided to the retirement communities of Holiday City and Silver Ridge and the northern one-third of the Bayville Section of the Township by the Toms River Water Company and to South Seaside Park by the Shore Water Company. The water companies are separate, privately owned entities.

In 1988, the Township formed the Berkeley Township Municipal Utilities Authority ("BTMUA") to construct and operate water distribution and supply systems in the central one-third portion of the Bayville section of the Township. The BTMUA estimates that approximately 100% of the residences and businesses in the more densely populated areas will be served upon completion of the BTMUA's projects. The remaining residences and businesses not serviced by the private water companies or the BTMUA rely on individual private wells.



## **Wastewater**

Wastewater is collected by the Berkeley Township Sewerage Authority ("BTSA"), which is connected to the Ocean County Utilities Authority ("OCUA") sewer collection system for treatment at the OCUA's wastewater treatment plant located in the Bayville section of the Township. The BTSA serves approximately 24,000 customers. The BTSA provides wastewater collection to the senior citizen communities of Holiday City and Silver Ridge. Additionally, the South Seaside Park and portions of the Bayville and Pinewald sections are served. The remaining inhabitants of the Township not serviced by the BTSA rely on individual septic systems.

Presently, the BTSA's collection system consists of gravity sewer interceptors, force mains and pump stations. Currently, the annual wastewater collection charge per individual residence is \$280.00.

The BTSA has a service agreement with the OCUA, under which the OCUA is obligated to annually receive and treat all the wastewater flow from the BTSA.

## **Solid Waste**

Solid Waste and recycling materials are collected by the Township's Division of Sanitation/Recycling and are respectively taken to the Ocean County Landfill situated in the Township of Manchester and the Northern Ocean County Recycling Center situated in the Township of Lakewood.

## **Health Care Facilities**

Emergency and acute care facilities and a rehabilitation center are available at Community Medical Center and Garden State Rehabilitation Center in Toms River. Other health care facilities include the Northern Ocean Hospital System with hospitals in the Township of Brick. The Kimball Medical Center is located in the Township of Lakewood and there is a lung cancer center in Browns Mills, Burlington County.

## **Transportation Facilities**

Intercity passenger transportation is provided by the New Jersey Department of Transportation from designated points along State Highway Route 9 and from the Bus Terminal located in Toms River. Conrail and various trucking concerns provide movement of freight within the County. The County provides the following transportation services: (a) Handicapped/Elderly Transportation for medical appointments; (b) Area Transportation to Point Pleasant for intercity transportation; and (c) Senior Citizen Disabled Resident Transportation consisting of eleven (11) fixed routes serving sixteen (16) of the County's thirty-three (33) municipalities, with demand response services available in the more rural areas.

The Robert J. Miller Airport, a Class V airport with a 6,000 foot paved runway, provides all services needed for corporate and private aircraft.

## **Industrial Park**

The Berkeley Industrial Park, zoned for light industry, is a seventy-eight (78) acre site on County Route 530 (Pinewald-Keswick Road), which provides direct access to and egress from the Garden State Parkway and State Highway Route 9.

## **Public Housing**

The Berkeley Township Housing Authority operates two (2) facilities, a forty-five (45) unit facility for low-income residents in the Manitou Park section of the Township and a twenty-five (25) unit facility for senior citizens in the Bayville section of the Township.

## **Senior Citizen Communities**

Situated in the northern part of the Township are the senior citizen communities of Holiday City and in the Silver Ridge with a combined approximate total of 13,600 individual residential homes. The developers of these communities are among the nation's leaders in this growing sector of the economy. The two (2) communities are west of State Highway Route 9 and the Garden State Parkway and south of State Highway Route 37 and about the northern border of the Pinelands Area. The senior citizen community of Sonat Bay in the southeastern part of the Township has approximately 310 residential homes.

## **Recreational Facilities**

The Township operates ten (10) community playgrounds or athletic fields, six (6) neighborhood playgrounds and parks, one (1) community/regional park (Veteran's Park) which includes lighted tennis courts, a par 72 golf course known as Cedar Creek Golf Course, a picnic area, swings and playfields on 250 acres, plus six open space or beach areas either on a lake or Barnegat Bay. Approximately 500 acres are set aside by the Township for recreational use.

Additionally, the County operates four (4) regional parks, including a landscaped 400 acre picnic area adjacent to the Robert J. Miller Airport. The State operates the Island Beach State Park, which is more than 3,000 acres, and the 148 acre Double Trouble State Park on the Township's southern border.

## **Shopping Facilities**

Retail business in the Township is concentrated on State Highway Route 9, which parallels the Toms River inlet to Barnegat Bay. Along the State Highway Route 9 corridor, there are three (3) shopping malls and two (2) mini-malls in addition to various retail stores and restaurants.

## **Population Trends**

<u><b>Year</b></u>	<u><b>Township</b></u>	<u><b>County</b></u>	<u><b>State</b></u>
2010	\$41,255	\$576,567	\$8,791,894
2000	39,991	510,916	8,414,350
1990	37,319	433,203	7,730,188
1980	23,151	346,038	7,365,011

Source: U.S. Census Redistricting Data (Public Law 94-171) Summary File, Table H1; NJ Department of Labor and Workforce Development, February, 2011.

### Residential Building Permits

<u>Year</u>	<u>Township</u>	<u>County</u>
2010	71	1,325
2009	41	902
2008	57	1,527
2007	78	2,160
2006	102	2,114

Source: Residential Building Permits Authorized, 2000-2009, NJ Department of Labor, June 2010; 2010 Annual Residential Building Permits by County: New Jersey Counties, US Bureau of the Census, Manufacturing and Construction Division, NJ Department of Labor and Workforce Development, June 2011.

### Money Income as of 2010

	<b>Median Household</b>	<b>Median Family</b>	<b>Per Capita</b>
	<u>Income</u>	<u>Income</u>	<u>Income</u>
Township	\$43,049	\$58,230	\$28,168
County	59,620	73,672	29,826
State	69,811	84,904	34,858

Source: US Bureau of the Census 2010

### Ten Largest Taxpayers

	<u>Employer</u>	<u>Approximate Number of Employees</u>
1.	Hovnanian	250
2.	Perlmart	240
3.	Crystal Lake	220
4.	Tallwoods	200
5.	Ocean Mental Health	149
6.	Urner Barry Publications	62
7.	WOBM	40
8.	United Water	35
9.	Walgreens	31
10.	TD Bank	23

Source: Chief Financial Officer of the Township; Township Records

## Largest Governmental Employers

	<b><u>Employer</u></b>	<b><u>Approximate Number of Employees</u></b>
1.	Berkeley Township Board of Education	347
2.	Township	327
3.	Central Regional Board of Education	325
4.	Ocean County Utilities Authority	275
5.	United States Post Office	30
6.	Berkeley Township Sewerage Authority	23
7.	Berkeley Township Municipal Utilities Authority	13
8.	Berkeley Township Housing Authority	6

Source: Chief Financial Officer of the Township; Township Records

## Employment and Unemployment

	<b><u>Potential Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Township</u></b>				
2011	13,152	11,192	1,960	14.9%
2010	13,296	11,411	1,885	14.2
2009	13,338	11,501	1,837	13.8
2008	13,041	11,899	1,142	8.8
2007	12,623	11,946	676	5.4
<b><u>County</u></b>				
2011	267,070	240,280	26,790	10.0
2010	263,270	236,690	26,580	10.1
2009	263,739	238,563	25,176	9.5
2008	261,610	246,059	15,551	5.9
2007	257,687	245,952	11,735	4.6
<b><u>State</u></b>				
2011	4,556,200	4,131,800	424,400	9.3
2010	4,520,000	4,100,000	420,000	9.3
2009	4,554,000	4,138,000	416,000	9.1
2008	4,496,700	4,251,200	245,500	5.5
2007	4,462,300	4,271,700	190,600	4.3

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

## Debt Information

### Debt Incurring Capacity as of December 31, 2011

The debt limitation of the Township is established pursuant to the Local Bond Law, N.J.S.A. 40A:2-1 et seq. The Township is permitted to incur debt up to three and one half percent (3.5%) of the average equalized valuation of taxable real property in the Township. The total equalized valuation of real property for the last three (3) years and the Township and the Local School District debt limitation, debt issued, outstanding and authorizing and available borrowing capacity as of December 31, 2011 are summarized below:

<u>Year</u>	<u>Amount</u>
2011	\$5,578,068,902
2010	5,891,333,257
2009	<u>6,195,481,382</u>
Total	<u>\$17,664,883,541</u>

Source: 2011 Annual Debt Statement of the Township

#### **Municipal:**

Equalized Valuation of Real Property (2009, 2010 and 2011)	<u>\$888,294,514</u>
Permitted Municipal Debt Limitation (3.5% of \$5,888,294,514)	\$206,090,308
Net Debt Issued, Outstanding and Authorized	31,415,768
Excess School Borrowing	<u>0</u>
Total Charged School Debt Charged to Borrowing Margin	\$31,415,768
Remaining Municipal Borrowing Capacity	<u>\$174,674,540</u>

#### **Local School District:**

Permitted School District Debt Limitation (2.5% of \$5,888,294,514)	\$147,207,363
Net Debt Issued, Outstanding and Authorized	<u>20,722,688</u>
Remaining School Borrowing Capacity	\$26,484,675

### Gross and Statutory Net Debt as of December 31

<u>Year</u>	<b>Statutory Net Debt</b>		
	<b>Gross</b>		<b>Percentage of Average</b>
	<b>Debt Amount</b>	<b>Amount</b>	<b>Equalized Valuation</b>
2011	\$53,254,284	\$31,415,768	0.53%
2010	54,591,583	31,959,161	0.52
2009	57,413,789	32,410,603	0.51
2008	56,948,962	29,927,062	0.48
2007	56,017,564	27,260,911	0.47

Source: Previous Township Audits for the years ended 2007-2010 and Annual Debt Statement for 2011

**TOWNSHIP**  
**STATEMENT OF INDEBTEDNESS AS OF DECEMBER 31, 2011**

**General Purpose**

Bonds, Notes and Loans Issued and Outstanding		
Bonds	\$23,047,000	
Notes	4,324,871	
Loans	2,661,225	
Bonds and Notes Authorized But Not Issued	<u>2,498,500</u>	
Total General Purposes		\$32,531,596

**Local School District**

Bonds and Loans Issued and Outstanding	17,855,000	
Bonds and Notes Authorized But Not Issued	<u>0</u>	
Total Local School District		\$17,855,000

**Regional School District**

Bonds, Notes and Loans Issued and Outstanding		
Bonds (Township portion)	2,867,688	
Bonds and Notes Authorized But Not Issued (Township Portion)	<u>0</u>	
Total Regional School District		<u>2,867,688</u>

**Total Gross Debt**

\$20,722,688

**Statutory Deductions**

Refunding Bonds and Open Space Trust	\$1,115,828	
Local School District	17,855,000	
Regional School District	<u>2,867,688</u>	
Total Statutory Deductions		<u>21,838,516</u>

**Total Net Debt**

\$31,415,768

**Overlapping Debt As of December 31, 2011**

Local School District (100%) <sup>1</sup>	\$17,855,000
Regional School District (67.95%) <sup>1</sup>	2,867,688
County of Ocean (5.63%) <sup>1</sup>	24,066,289
Ocean County Utilities Authority (5.64%) <sup>2</sup>	13,262,372
Berkeley Township Sewerage Authority (100%) <sup>2</sup>	11,203,302
Berkeley Township Municipal Utilities Authority (100%) <sup>2</sup>	<u>10,675,896</u>

**Total Overlapping Debt**

\$79,930,547

**Gross Debt**

Per Capita Debt (Population - United State Census 2010 - 41,255)	\$1,291
Percentage of Average Equalized Valuation Taxable (2011 - \$5,888,294,514)	0.90%
Percentage of Assessed Valuation (2011 - \$5,120,333,460)	1.04%

**Net Municipal Debt**

Per Capita Debt (Population - United State Census 2010 - 41,255)	\$762
Percentage of Average Equalized Valuation Taxable (2011 - \$5,888,294,514)	0.53%
Percentage of Assessed Valuation (2011 - \$5,120,333,460)	0.61%

**Overall Debt**

Per Capita Debt (Population - United State Census 2010 - 41,255)	\$1,937
Percentage of Average Equalized Valuation Taxable (2011 - \$5,888,294,514)	1.36%
Percentage of Assessed Valuation (2011 - \$5,120,333,460)	1.56%

<sup>1</sup> Overlapping debt was computed based upon the 2011 Ocean County Abstract of Ratables published by the Ocean County Board of Taxation

<sup>2</sup> Overlapping debt for the authorities was computed based upon municipal flow to the Authority.

## **BUDGET INFORMATION**

### **2012 Budget**

Each year, members of the Township Council are charged with the responsibility to review and adopt a Municipal Budget. The Mayor, Business Administrator, Chief Financial Officer and staff prepare recommendations in the form of a draft document to begin the budget development process. In turn, members of the Township Council review the recommendation of the Mayor, Business Administrator and Chief Financial Officer to ensure that the proposal adequately meets the agenda that they collectively believe is prudent for the Township. The Municipal Budget is divided into several categories as listed below:

- Appropriations in support of municipal operations for the 2012 year.
- Capital Improvement Program in which major equipment purchases and infrastructure projects are scheduled over the next six (6) years.
- Revenues in support of operations, capital expenditures and the reserve for uncollected taxes.

### **Current Fund Balances and Amounts Utilized in Succeeding Year's Budget**

<b><u>Year</u></b>	<b><u>Balance As Of December 31</u></b>	<b>Utilized in Budget of Succeeding Year</b>	
		<b><u>Amount</u></b>	<b><u>Percent</u></b>
2011	\$10,145	\$0	0.00%
2010	1,100,145	1,090,000	99.08
2009	318,180	555,000	174.43
2008	1,102,816	1,050,000	95.21
2007	2,159,188	2,130,000	98.65

Note: The Municipal Budget of the Township was adopted on September 25, 2012

Source: Previous Township Audits for the years 2007-2010; 2011 Unaudited Financials and 2012 Adopted Budget of the Township.

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### Summary of Municipal Budgets

<u>Fiscal Year Ended December 31</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Anticipated Revenues					
Fund Balances	\$2,130,000	1,092,000	\$572,200	\$1,090,000	\$61,646
Miscellaneous Revenues	10,409,994	9,424,958	10,761,725	9,328,468	11,621,358
Receipts from Delinquent Taxes	1,335,000	1,582,000	1,646,000	2,434,000	2,516,500
Amount to be Raised by axes for					
Municipal Purposes	<u>24,292,769</u>	<u>25,917,622</u>	<u>25,917,622</u>	<u>25,917,622</u>	<u>25,917,606</u>
Total General Revenues	<u>\$38,167,763</u>	<u>\$38,016,579</u>	<u>\$38,897,547</u>	<u>\$38,770,090</u>	<u>\$40,117,110</u>
Appropriations					
Salaries & Wages	\$16,124,913	\$16,063,498	\$16,097,014	\$15,745,378	\$15,796,060
Other Expenses	14,961,261	13,384,132	13,273,286	12,908,953	12,972,565
Capital Improvements	250,000	250,000	196,000	58,000	240,000
Debt Service	3,654,432	3,778,285	3,742,958	3,757,239	4,083,099
Deferred Charges & Statutory					
Expenditures	1,712,273	2,811,840	3,732,460	4,462,541	5,182,670
Judgments	10,000	-	-	-	-
Reserve for Uncollected Taxes	<u>454,884</u>	<u>1,728,824</u>	<u>1,855,829</u>	<u>1,837,979</u>	<u>1,842,717</u>
Total General Appropriations	<u>\$38,167,763</u>	<u>\$38,016,579</u>	<u>\$ 38,897,547</u>	<u>\$8,770,090</u>	<u>\$ 40,117,110</u>

Source: Adopted Municipal Budgets of the Township for the years 2008-2011. 2012 Municipal Budget of the Township as introduced.

### Capital Budget

The Township annually adopts a Capital Budget and program setting forth planned capital projects for the current fiscal year. The Township's capital program for calendar 2012 includes debt authorizations totaling \$5,081,600. This plan however, is subject to periodic adoption of bond ordinances, which require approval of two-thirds of the full membership of the Township Council.

### Proposed Source of Funding

Capital Improvement Fund	\$239,080
Grants in Aid and Other Funds	300,000
Bonds and Notes - General	4,542,520
Budget Appropriations	<u>-</u>
Total	<u>\$5,081,600</u>

Source: 2012 Municipal Budget of the Township



## Tax Information

<b><u>Year Ended</u></b> <b><u>December 31</u></b>	<b><u>Total</u></b> <b><u>Tax Levy</u></b>	<b><u>Current Tax</u></b> <b><u>Collection</u></b>	<b><u>Percentage of</u></b> <b><u>Collection</u></b>
2011	\$93,298,408	\$90,613,969	96.85%
2010	94,445,148	91,457,924	96.83
2009	90,845,577	88,725,383	97.66
2008	88,097,099	86,427,505	98.10
2007	83,291,421	81,912,967	98.34

Source: Previous Township Audits for the years ended December 31, 2007-2010 and the Annual Financial Statement for the year ended December 31, 2011.

## Major Taxpayers

The ten (10) largest taxpayers as of December 31, 2011 are listed in the following table:

	<b><u>Taxpayer</u></b>	<b><u>Assessed</u></b> <b><u>Valuation</u></b>	<b><u>%</u></b>
1.	Hovchild Partnership, LLC	\$34,976,300	0.68%
2.	RK Creek, LLC	28,289,800	0.55
3.	Baywick Plaza, LLC	23,404,000	0.46
4.	Quacker Malls, LP	17,721,200	0.34
5.	Arlington Beach Co.	14,979,000	0.29
6.	Berkeley Healthcare Assoc., LLC	13,500,000	0.26
7.	NJ Pulverizing Co.	11,500,000	0.22
8.	Shar-A-Dee Apartments, LLC et al	8,759,600	0.17
9.	Bay Hse c/o Bank NY/NJ Corp Trust	8,691,700	0.17
10.	Millers Camp Inc. c/o William Miller	<u>8,521,400</u>	<u>0.17</u>
	Total	<u>\$170,343,000</u>	3.31%
	Net Valuation Taxable	<u>\$5,140,748,300</u>	

Source: Township Tax Assessor Office Records

### Assed Valuation of Real Property by Classification

<u>Year</u>	<u>Vacant Land</u>	<u>Farm Land</u>	<u>Residential</u>	<u>Apartment</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total Real Property</u>
2011	\$132,153,900	\$711,900	\$4,599,782,500	\$58,796,400	\$324,561,400	\$24,742,200	\$5,140,748,300
2010R	142,705,500	711,300	4,597,514,300	59,170,800	344,374,200	28,114,500	5,172,590,600
2009	46,338,500	293,500	2,488,096,590	24,630,200	128,273,700	11,119,200	2,698,751,690
2008	49,607,700	293,500	2,469,451,190	24,630,200	122,003,200	10,646,400	2,676,632,190
2007	49,339,700	293,500	2,447,836,590	24,756,300	19,958,300	11,321,600	2,653,505,990

R= Revaluation

Source: Township Tax Assessor Office Records

### Ratio of Assessed Valuation to Estimated Full Cash Value

<u>Year</u>	<u>Net Assessed Valuation Taxable</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2011	\$5,140,748,300	\$5,867,719,087	87.80%
2010R	5,172,590,600	5,891,333,257	87.80
2009	2,698,751,690	6,424,069,721	42.01
2008	2,676,632,190	6,401,894,738	41.81
2007	2,653,505,980	5,956,242,402	44.55

R= Revaluation

Source: Ocean County Abstract of Ratables

### Total Tax Requirements Including School and County Purposes

<u>Year</u>	<u>Municipal</u>	<u>Open Space</u>	<u>County</u>	<u>Local School</u>	<u>Regional School</u>	<u>Total Tax Requirements</u>
2011	\$25,917,622	\$270,233	\$19,866,460	\$28,348,014	\$18,896,079	\$93,298,408
2010	25,917,622	270,233	20,323,141	28,537,980	19,155,526	94,204,502
2009	25,917,622	270,233	19,863,909	26,347,767	18,032,682	90,432,213
2008	24,292,769	267,992	19,759,589	25,639,224	17,619,017	87,578,591
2007	22,096,620	265,697	18,515,856	24,961,762	16,952,819	82,792,754

Source: Previous Township Audits for the years ended December 31, 2007-2010 and Township Records for 2011.

**Composition of Tax Rate**  
(Per \$100 of Assessed Value)

<u>Year</u>	<u>Municipal</u>	<u>Open Space</u>	<u>County</u>	<u>Local School</u>	<u>Regional School</u>	<u>Total</u>
2011	\$0.5030	\$0.0050	\$0.3880	\$0.5500	\$0.3670	\$1.8130
2010	0.5002	0.0052	0.3923	0.5508	0.3697	1.8182
2009	0.9590	0.0100	0.7360	0.9750	0.6670	3.3470
2008	0.9060	0.0100	0.7380	0.9570	0.6570	3.2680
2007	0.8310	0.0100	0.6990	0.9390	0.6380	3.1170

Source: Previous Township Audits for the years ended December 31, 2007-2010 and Township Records for 2011.

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2011	\$353,029	\$2,439,454	\$2,792,483	3.15%
2010	208,883	2,465,165	2,674,048	2.83
2009	174,411	1,948,732	2,123,143	2.34
2008	129,212	1,602,034	1,731,246	1.97
2007	118,066	1,343,373	1,461,439	1.75

Source: Previous Township Audits for the years ended December 31, 2007-2010 and Annual Financial Statement for the year ended December 31, 2011.

**Property Acquired by Tax Title Leans**

<u>Year</u>	<u>Amount</u>
2011	\$6,361,398
2010	6,361,398
2009	6,340,914
2008	6,340,914
2007	6,340,914

Source: Previous Township Audits for the years ended December 31, 2007-2010 and Annual Financial Statement for the year ended December 31, 2011.

**APPENDIX B**  
**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011**

*William E. Antonides and Company*  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the Township of Berkeley (the "Township"), as of December 31, 2011 and 2010, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2011. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of the Length of Service Awards Program Fund ("LOSAP") of the Township have not been audited, and we were not required by the Division to audit nor were we engaged to audit LOSAP financial statements as part of our audit of the Township's financial statements. However, the LOSAP financial activities are included in the Township's Trust Funds, and represent 16.52% and 16.26% of the assets and liabilities as of December 31, 2011 and 2010, respectively, of the Township's Trust Funds.

As described more fully in Note 1, the Township prepares its financial statements on a regulatory basis of accounting prescribed by the Division, as required by state statute, that demonstrates compliance with a modified accrual basis of accounting, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Further in our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, the changes in financial position, or, where applicable, its cash flows for the years then ended. Further, the Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP financial statements been audited, the financial statements referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the Township, as of December 31, 2011 and 2010 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Township as a whole. The accompanying supplementary schedules, the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular Letter A-133, *Audits of States, Local Government and Non-Profit Organizations*, and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 taken as a whole, on the basis of accounting described in Note 1.

*William E. Antonides and Company*

**Independent Auditors**

**William E. Antonides  
Certified Public Accountant  
Registered Municipal Accountant  
R.M.A. Number 14**

July 27, 2012

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**BALANCE SHEET - CURRENT FUND**

**Exhibit A**

**REGULATORY BASIS**

**Sheet 1 of 2**

**DECEMBER 31, 2011 AND 2010**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Cash	A-4	\$ 907,207.33	\$ 3,058,223.98
Cash - Change Fund		3,510.00	3,600.00
		910,717.33	3,061,823.98
Due from State of New Jersey (P.L. 1971, Ch. 20)	A-1,4,5	61,645.95	
		972,363.28	3,061,823.98
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-5	2,439,453.93	2,465,165.04
Tax Title Liens Receivable	A-6	353,029.40	208,882.78
Property Acquired for Taxes		6,361,397.58	6,361,397.58
Penalty on Delinquent Taxes			16,306.82
Debris Clean Up Receivable			13,157.90
Revenue Accounts Receivable	A-7	10,871.87	8,990.27
Interfunds:			
General Capital Fund	A-14, C		704.79
Animal Control Trust Fund	A-14		43.04
Trust Other Fund	A-14		29,325.35
Payroll Fund	A-14		115,985.59
Grant Fund	A-15	157,387.42	253,492.69
		9,322,140.20	9,473,451.85
Deferred Charges:			
Deficit in Operations	A-1	864,304.89	
Emergency Authorization	A-3	477,722.43	
Special Emergency Authorizations (40A:4-55)	A-8	435,149.52	290,000.00
		1,777,176.84	290,000.00
		12,071,680.32	12,825,275.83
<b><u>Federal and State Grant Fund</u></b>			
Grants Receivable	A-16	588,301.05	719,076.89
		\$ 12,659,981.37	\$ 13,544,352.72

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**BALANCE SHEET - CURRENT FUND**

**Exhibit A**

**REGULATORY BASIS**

**Sheet 2 of 2**

**DECEMBER 31, 2011 AND 2010**

	<b><u>Ref.</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Appropriation Reserves	A-3,9	\$ 340,731.71	\$ 392,865.93
Reserve for Encumbrances	A-3,9	369,799.64	232,922.81
Reserve for Contractually Required Severance		152,128.17	
Reserve for Garden State Trust Fund		42,590.02	42,590.02
Reserve for Police Found Money	A-4	2,716.28	
Due to Municipal Utility Authority	A-4		126.57
Special Emergency Note Payable	A-4		290,000.00
Prepaid Taxes	A-4	902,410.44	1,037,481.89
Sales Tax Payable	A-4	2,026.87	1,057.82
Tax Overpayments	A-4,5	163,403.17	129,901.39
Due to State of New Jersey (P.L. 1971, Ch. 20)	A-4,5		16,429.00
County Taxes Payable	A-12	51,113.77	46,708.12
Revaluation Program		53,754.35	61,595.60
Interfund - Trust Other Fund	A-14, B	658,720.87	
		<u>2,739,395.29</u>	<u>2,251,679.15</u>
Reserve for Receivables and Other Assets		9,322,140.20	9,473,451.85
Fund Balance	A-1	10,144.83	1,100,144.83
		<u>12,071,680.32</u>	<u>12,825,275.83</u>
<b><u>Federal and State Grant Funds</u></b>			
Interfund - Current Fund	A-15	157,387.42	253,492.69
Reserve for Encumbrances	A-17	146,670.31	20,947.12
Appropriated Reserves	A-17	284,243.32	384,443.95
Unappropriated Reserves	A-18		60,193.13
		<u>588,301.05</u>	<u>719,076.89</u>
		<u>\$ 12,659,981.37</u>	<u>\$ 13,544,352.72</u>

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



**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-1**

**STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE**    **Sheet 1 of 2**

**REGULATORY BASIS**

	<b><u>Ref.</u></b>	<b><u>Year 2011</u></b>	<b><u>Year 2010</u></b>
<b><u>Revenue and Other Income Realized</u></b>			
Fund Balance Utilized	A-2	\$ 1,090,000.00	\$ 555,000.00
Fund Balance Utilized with Prior Consent of Director of Local Government Services			17,200.00
Miscellaneous Revenue Anticipated	A-2	9,329,628.19	10,819,807.07
Receipts from Delinquent Taxes	A-2	2,442,358.66	1,950,725.29
Receipts from Current Taxes	A-2	90,613,969.43	91,457,924.47
Non-Budget Revenues	A-2	141,457.70	173,280.20
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-9	69,193.30	217,033.10
Accounts Payable Cancelled			5,853.56
Interfund Loan Settlements		242,164.04	
Expired Tax Sale Premiums	A-14	2,000.00	
Grant Fund Balances Cancelled			18,277.89
Total Income		<u>103,930,771.32</u>	<u>105,215,101.58</u>
<b><u>Expenditures</u></b>			
Budget Appropriations within Caps:			
Operations:			
Salaries and Wages		15,977,501.55	15,867,903.28
Other Expenses		12,424,542.87	11,872,946.18
Deferred Charges and Statutory Expenditures		3,880,323.61	2,501,643.54
Budget Appropriations excluded from Caps:			
Operations:			
Salaries and Wages		279,613.58	257,220.00
Other Expenses		855,593.18	2,279,153.88
Capital Improvements		58,000.00	196,000.00
Municipal Debt Service		3,757,238.88	3,742,958.25
Deferred Charges		612,169.75	290,000.00
	A-3	<u>37,844,983.42</u>	<u>37,007,825.13</u>
Prior Year Senior Citizen Deductions Disallowed		109,198.36	38,157.52
Local District School Taxes	A-10	28,480,472.50	27,461,502.99
Regional School Taxes	A-11	19,062,049.32	18,615,138.36
County Taxes	A-12	19,917,574.24	20,369,848.72
Local Open Space Tax	A-13	270,891.39	270,830.29
Interfund Loans Advanced			77,149.18
Prior Year Tax Appeals		22,778.93	
Refund Prior Year Revenue			20,484.75
Total Expenditures		<u>105,707,948.16</u>	<u>103,860,936.94</u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-1**

**STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE** **Sheet 2 of 2**

**REGULATORY BASIS**

	<b><u>Ref.</u></b>	<b><u>Year 2011</u></b>	<b><u>Year 2010</u></b>
Excess in Revenue		\$	\$
Deficit in Revenue		(1,777,176.84)	1,354,164.64
Adjustments to Income Before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budgets of			
Succeeding Years	A-3	912,871.95	
Statutory Excess to Fund Balance			1,354,164.64
Deficit in Operations to be Raised in Budget			
of Succeeding Year	A	\$ 864,304.89	
Fund Balance January 1	A	\$ 1,100,144.83	318,180.19
		1,100,144.83	1,672,344.83
Decreased by:			
Utilization as Anticipated Revenue	A-1,2	1,090,000.00	572,200.00
Fund Balance December 31	A	\$ 10,144.83	\$ 1,100,144.83

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-2

Sheet 1 of 3

**STATEMENT OF REVENUES - REGULATORY BASIS**

	<b><u>Ref.</u></b>	<b><u>Anticipated Budget</u></b>	<b><u>Realized</u></b>	<b><u>Excess or (Deficit)</u></b>
	<b><u>A-1</u></b>	<b><u>\$ 1,090,000.00</u></b>	<b><u>\$ 1,090,000.00</u></b>	<b><u>\$</u></b>
Fund Balance Anticipated				
<b><u>Miscellaneous Revenues</u></b>				
Licenses				
Alcoholic Beverages	A-7	46,350.00	46,376.00	26.00
Other	A-7	4,000.00	3,012.00	(988.00)
Fees and Permits	A-7	290,500.00	281,197.90	(9,302.10)
Fines and Costs				
Municipal Court	A-7	154,200.00	137,839.99	(16,360.01)
Interest and Costs on Taxes	A-7	382,975.00	427,178.01	44,203.01
Interest on Investments and Deposits	A-7	37,900.00	26,675.35	(11,224.65)
Beach Admission Fees	A-7	98,225.00	94,081.00	(4,144.00)
Municipal Golf Course	A-7	675,150.00	650,606.91	(24,543.09)
Berkeley Township Board of Education - Trash	A-7	65,600.00	60,137.00	(5,463.00)
Water and Cable Franchise Fees	A-7	206,075.95	206,075.95	
Hotel and Motel Occupancy Tax	A-7	25,800.00	25,399.40	(400.60)
Central Regional Board of Education - Trash	A-7	10,000.00	20,000.00	10,000.00
State Aid:				
Energy Receipts Tax	A-7	4,213,875.00	4,213,875.00	
Garden State Trust Fund	A-7	42,590.00	42,590.00	
Special Items of Revenue:				
Interlocal Services Agreements:				
Animal Control Services	A-7	23,193.11	21,307.21	(1,885.90)
Fire Protection	A-7	25,500.00		(25,500.00)
Berkeley Board of Education Fuel Facilities	A-7	100,000.00	154,870.10	54,870.10
Central Regional Board of Education Fuel Facilities	A-7	150,000.00	259,885.70	109,885.70
Federal and State Revenues Off-Set with Appropriations:				
Clean Communities Program	A-16	99,202.47	99,202.47	
Municipal Alliance on Alcoholism and Drug Abuse	A-16	30,000.00	30,000.00	
FY 09 Homeland Security Grant Program	A-16	32,700.00	32,700.00	
FY 2011 NJ Department of Law and Public Safety - 966 Grant	A-16	7,040.00	7,040.00	
Recycling Tonnage Grant 2009	A-16	28,916.96	28,916.96	
Recycling Tonnage Grant 2008	A-16	45,190.61	45,190.61	
Body Armor Replacement Fund Program	A-16	6,098.14	6,098.14	

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**STATEMENT OF REVENUES - REGULATORY BASIS**

Exhibit A-2

Sheet 2 of 3

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Special Items of Revenue (Continued):				
Federal and State Revenues Off-Set with Appropriations (Continued):				
Bullets Proof Vest				
State of N.J. Dept of Health and Senior Services	A-16	\$ 8,904.38	\$ 8,904.38	\$
Hepatitis B Reimbursement	A-16	5,000.00	5,000.00	
2011 Sustainable Jersey Small Grant	A-16	5,000.00	5,000.00	
Tourism Grant	A-16	1,000.00	1,000.00	
FY 12 NJ Dept of Law and Public Safety 966	A-16	20,544.40	20,544.40	
2011 Body Armor Grant	A-16	6,123.69	6,123.69	
Other Special Items:		5,000.00	5,000.00	
Uniform Fire Safety Act	A-7	27,824.06	29,978.31	2,154.25
Proceeds Sale of Land	A-7	40,000.00	53,760.00	13,760.00
Reserve for Debt Service General Capital	A-7	751,688.25	751,688.25	
Ocean County Recycling	A-7	76,555.29	76,555.36	.07
Senior/Veteran Administration Fee	A-7	46,000.00	41,332.46	(4,667.54)
Health Care Coverage-Employee Percentage	A-7	270,000.00	196,683.65	(73,316.35)
Refuge Revenue Sharing Act	A-7	3,834.00	3,834.00	
FEMA Reimbursement-February Storm	A-7	37,262.65	37,262.65	
FEMA Reimbursement-December Storm	A-7	311,719.34	311,719.34	
Open Space Trust Fund	A-7	598,550.00	598,550.00	
Surplus from the Berkeley Township Sewer Authority	A-7	225,000.00	169,056.00	(55,944.00)
Surplus from the Berkeley Township Municipal Utility Authority	A-7	87,380.00	87,380.00	
Total Miscellaneous Revenues	A-1	<u>9,328,468.30</u>	<u>9,329,628.19</u>	<u>1,159.89</u>
Receipts from Delinquent Taxes				
Subtotal General Revenues	A-1,2	2,434,000.00	2,442,358.66	8,358.66
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	<u>12,852,468.30</u>	<u>12,861,986.85</u>	<u>9,518.55</u>
Total General Revenues		<u>25,917,621.81</u>	<u>25,019,389.36</u>	<u>(898,232.45)</u>
Non-Budget Revenues	A-1,4	<u>38,770,090.11</u>	<u>37,881,376.21</u>	<u>(888,713.90)</u>
			<u>141,457.70</u>	<u>141,457.70</u>
		<u>\$ 38,770,090.11</u>	<u>\$ 38,022,833.91</u>	<u>\$ (747,256.20)</u>
	Ref.	A-3		

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-2**

**STATEMENT OF REVENUES - REGULATORY BASIS**

**Sheet 3 of 3**

	<u>Ref.</u>	
<b><u>Analysis of Realized Revenues</u></b>		
Allocation of Current Tax Collections:		
Revenue from Collections	A-1,5	\$ 90,613,969.43
Allocated to:		
School, County Taxes and Municipal Open Space	A-10,11,12,13	<u>67,432,558.71</u>
Balance for Support of Municipal Budget		
Appropriations		23,181,410.72
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>1,837,978.64</u>
Amount for Support of Municipal Budget		
Appropriations	A-2	\$ <u><u>25,019,389.36</u></u>
Receipts from Delinquent Taxes:		
Delinquent Tax Collections	A-5	\$ 2,430,425.69
Tax Title Lien Collections	A-6	<u>11,932.97</u>
	A-2	\$ <u><u>2,442,358.66</u></u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-3**

**Sheet 1 of 9**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**OPERATIONS WITHIN CAPS**  
**General Government Functions**

	<b><u>Budget After Modification</u></b>	<b><u>Expended</u></b>	
		<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>
General Administration	\$ 293,900.00	\$ 293,900.00	\$
Salaries and Wages	40,094.39	40,086.85	7.54
Other Expenses			
Human Resources			
Salaries and Wages	63,750.47	63,750.47	
Other Expenses	1,644.88	1,644.88	
Office of the Mayor			
Salaries and Wages	8,499.92	8,499.92	
Other Expenses	1,540.75	1,540.75	
Township Council			
Salaries and Wages	57,999.56	57,999.56	
Other Expenses	3,717.00	3,717.00	
Municipal Clerk			
Salaries and Wages			2,308.36
Other Expenses			800.00
Financial Administration	222,597.00	220,288.64	
Salaries and Wages	19,268.62	18,468.62	
Other Expenses			
Audit Services	290,175.04	290,175.04	
Other Expenses	41,911.37	41,911.37	
Revenue Administration (Tax Collection)	49,000.00	1,240.00	47,760.00
Salaries and Wages	370,696.78	370,696.78	
Other Expenses	79,864.69	64,298.91	15,565.78
Tax Assessment Administration			
Salaries and Wages	242,178.86	242,178.86	
Other Expenses	14,142.83	14,142.83	

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-3**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**Sheet 2 of 9**

	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Expended</u></b>	<b><u>Reserved</u></b>
Legal Services				
Other Expenses	\$ 351,572.33	\$ 347,055.87	\$	4,516.46
Municipal Court:				
Salaries and Wages	206,192.41	206,192.41		
Other Expenses	6,969.51	6,969.51		
Public Defender (P.L. 1997, c256)				
Other Expenses	9,479.73	9,479.73		
Engineering Services				
Other Expenses	135,000.00	127,859.91		7,140.09
Economic Development Agencies				
Salaries and Wages	787.53	787.53		
Other Expenses	25.00	25.00		
<b><u>Land Use Administration</u></b>				
Planning Board / Director of Planning				
Other Expenses	74,246.18	74,246.18		
Planning Board				
Salaries and Wages	750.00	750.00		
Other Expenses	35,373.66	35,373.66		
Division of Zoning				
Salaries and Wages	74,085.91	74,085.91		
Other Expenses	1,428.13	1,428.13		
Zoning Board of Adjustment				
Salaries and Wages	1,375.00	1,375.00		
Other Expenses	29,994.02	29,994.02		
<b><u>Insurances</u></b>				
General Liability	1,101,533.86	1,101,533.86		
Workers Compensation	304,399.72	304,399.72		
Employee Group Insurance	4,578,538.39	4,578,538.39		
Unemployment Insurance	50,000.00	50,000.00		

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

Sheet 3 of 9

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	<b><u>Budget After Modification</u></b>	<b><u>Expended</u></b>	
	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	
<b><u>Public Safety Functions</u></b>			
Police Department			
Salaries and Wages	\$ 8,956,368.37	\$ 8,954,868.37	\$ 1,500.00
Other Expenses	320,347.70	299,612.05	20,735.65
Emergency Management			
Salaries and Wages	40,322.52	40,322.52	
Other Expenses	3,279.59	3,279.59	
Aid to Volunteer Fire Companies			
Salaries and Wages	15,002.00	15,002.00	
Other Expenses	215,585.60	215,585.60	
First Aid Contribution			
Other Expenses	125,000.00	125,000.00	
Fire Department			
Salaries and Wages	105,973.62	105,973.62	
Other Expenses	269,044.77	269,044.77	
Uniform Fire Safety Act (P.L. 1983, Ch. 383):			
Salaries and Wages	27,824.06	27,824.06	
Municipal Prosecutor:			
Other Expenses	34,986.00	34,986.00	
<b><u>Public Works Functions</u></b>			
Streets and Roads Maintenance:			
Salaries and Wages	362,086.65	362,086.65	
Other Expenses	125,659.20	125,659.20	
Contractual	269,737.73	269,737.73	
Other Public Works Functions/Signs, Maintenance			
Salaries and Wages	42,896.03	42,896.03	
Other Expenses	19,938.35	19,938.35	

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



**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

Sheet 4 of 9

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

	<b><u>Budget After Modification</u></b>	<b><u>Expended</u></b>	
		<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>
Sanitation/Solid Waste Collection:			
Salaries and Wages	\$ 2,012,865.77	\$ 2,012,865.77	\$
Other Expenses	187,977.77	187,977.77	
Solid Waste Collection/Recycling			
Salaries and Wages	383,924.11	383,924.11	
Other Expenses	16,372.69	16,372.69	
Buildings and Grounds:			
Salaries and Wages	117,062.45	117,062.45	
Other Expenses	81,979.74	81,979.74	
Equipment Maintenance			
Salaries and Wages	286,109.59	286,109.59	
Other Expenses	31,798.00	31,798.00	
<b><u>Health and Human Services</u></b>			
Environmental Health Services			
Salaries and Wages	600.00	600.00	
Other Expenses	280.00	280.00	
Animal Control Services			
Salaries and Wages	126,359.03	126,359.03	
Other Expenses	4,497.50	4,497.50	
Contribution - Providence House (N.J.S.A. 40:23-8.17)	980.00	980.00	
Contribution - Community Services Inc. (N.J.S.A. 40:48-9.4)	980.00	980.00	
<b><u>Parks and Recreation</u></b>			
Recreation Services and Programs			
Salaries and Wages	420,760.00	420,759.70	.30
Other Expenses	57,310.57	57,310.57	
Recreation Services and Programs/Golf Course			
Salaries and Wages	552,564.43	552,564.43	
Other Expenses	110,041.29	109,991.08	50.21

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-3**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**Sheet 5 of 9**

	<b>Expended</b>		
	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>
Maintenance of Parks			
Salaries and Wages	\$ 471,371.00	\$ 471,371.00	\$
Other Expenses	75,693.36	75,693.36	
Beach and Boardwalk Operations			
Salaries and Wages	89,800.00	89,800.00	
Other Expenses	7,523.29	7,523.29	
<b><u>Utilities and Bulk Purchases</u></b>			
Utilities			
Other Expenses	533,458.75	533,421.26	37.49
Street Lighting			
Other Expenses	495,552.37	495,552.37	
Gasoline			
Other Expenses	907,658.65	907,496.95	161.70
<b><u>Landfill/Solid Waste</u></b>			
Landfill/Solid Waste Disposal Costs			
Other Expenses/Tipping			
<b><u>Code Enforcement and Administration</u></b>			
Other Code Enforcement Functions:			
Salaries and Wages			
Other Expenses	132,623.44	132,623.44	
Total Operations within Caps	4,120.15	4,120.15	
Contingent	28,400,044.42	28,299,460.84	100,583.58
Total Operations within Caps including Contingent	2,000.00	300.94	1,699.06
Detail:	28,402,044.42	28,299,761.78	102,282.64
Salaries and Wages	15,977,501.55	15,973,692.89	3,808.66
Other Expenses	12,424,542.87	12,326,068.89	98,473.98

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-3**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**Sheet 6 of 9**

	<b><u>Budget After Modification</u></b>	<b><u>Expended</u></b>	
	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>	
<b><u>DEFERRED CHARGES AND STATUTORY EXPENDITURES</u></b>			
<b><u>WITHIN CAPS</u></b>			
<b><u>Deferred Charges</u></b>			
Prior Year Bills:			
University Rehabilitation Associates - December 2008	\$ 600.00		\$ 600.00
JCP&L - September 2006	142.74	142.71	.03
<b><u>Statutory Expenditures</u></b>			
Contribution to:			
Social Security System	1,189,952.37		
Police and Firemen's Retirement System of NJ	1,861,943.25	1,188,566.10	1,386.27
Public Employee Retirement System	827,685.25	1,861,943.25	
Total Deferred Charges and Statutory Expenditures	<u>827,685.25</u>	<u>827,685.25</u>	
within Caps			
Total Appropriations within Caps	3,880,323.61	3,878,337.31	1,986.30
	<u>32,282,368.03</u>	<u>32,178,099.09</u>	<u>104,268.94</u>
<b><u>OPERATIONS EXCLUDED FROM CAPS</u></b>			
Length of Service Awards Program (N.J.A.C. 5:30-14.25)			
Other Expenses	220,000.00		220,000.00
Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc))			
Salaries and Wages	165,920.00	165,920.00	
Other Expenses	85,000.00	85,000.00	
Recycling Enhancement Act (P.L. 2007 c.311)			
Other Expenses	19,873.00	19,364.68	508.32
<b><u>Interlocal Municipal Service Agreements</u></b>			
Ocean County Health - Animal Control			
Other Expenses	35,000.00	21,545.55	13,454.45
Ocean County Social Services - Relocation Expenses			
Other Expenses	2,500.00		2,500.00

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

**Exhibit A-3**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

**Sheet 7 of 9**

	<b><u>Budget After Modification</u></b>	<b><u>Expended</u></b>
	<b><u>Paid or Charged</u></b>	<b><u>Reserved</u></b>
Fire Protection - South Toms River		
Other Expenses	\$ 25,500.00	\$
Animal Control - Pine Beach, South Seaside Park, Ocean Gate		
Salaries and Wages	23,193.11	23,193.11
Berkeley Board of Education - Fuel		
Other Expenses	100,000.00	100,000.00
Central Regional Board of Education - Fuel		
Other Expenses	150,000.00	150,000.00
<b><u>Public and Private Programs Offset by Revenues</u></b>		
Clean Communities Grant		
Salaries and Wages	64,202.47	64,202.47
Other Expenses	35,000.00	35,000.00
Municipal Alliance Grant-State Share		
Salaries and Wages	18,798.00	18,798.00
Other Expenses	11,202.00	11,202.00
Municipal Alliance Grant - Municipal Share		
Salaries and Wages	7,500.00	7,500.00
FY 10 Homeland Security Grant	32,700.00	32,700.00
2009 Recycling Tonnage Grant	28,916.96	28,916.96
State of N.J. Department of Health and Senior Services		
Hepatitis B Reimbursement Grant	5,000.00	5,000.00
FY 11 966 Reimbursement Program Grant	7,040.00	7,040.00
2010 Body Armor Replacement Grant	6,098.14	6,098.14
2008 Recycling Tonnage Grant	45,190.61	45,190.61
Department of Justice 2008 Bullet Proof Vest Grant	3,260.64	3,260.64
Department of Justice 2008 Bullet Proof Vest Grant	5,643.74	5,643.74
2011 Sustainable Jersey Small Grant	5,000.00	5,000.00
Tourism Grant	1,000.00	1,000.00

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 8 of 9

	<b>Expended</b>	
	<b>Paid or Charged</b>	<b>Reserved</b>
	\$	\$
FY2012 966 Reimbursement Program	20,544.40	
2011 Body Armor Grant	6,123.69	
FFY 10 EMAA Allocation	5,000.00	
Total Operations excluded from Caps	898,743.99	236,462.77
Detail:		
Salaries and Wages	279,613.58	
Other Expenses	619,130.41	236,462.77
<b><u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u></b>		
Capital Improvement Fund	58,000.00	
<b><u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u></b>		
Payment of Bond Principal	2,680,000.00	
Interest on Bonds	938,662.50	
Interest on Notes	3,094.38	
NJEIT		
Loan Repayments for Principal and Interest	135,482.00	
Total Municipal Debt Service excluded from Caps	3,757,238.88	
<b><u>DEFERRED CHARGES EXCLUDED FROM CAPS</u></b>		
Special Emergency Authorizations - 5 Years		
(N.J.S. 40A:4-55)		
Prior Year Bills	290,000.00	
Bil-Jim		
Sambol	183,789.48	
Rich Mark	107,730.00	
Total Deferred Charges excluded from Caps	30,650.27	
Total General Appropriations excluded from Caps	612,169.75	
	5,326,152.62	236,462.77

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**CURRENT FUND**

Exhibit A-3

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

Sheet 9 of 9

	<b><u>Ref.</u></b>	<b><u>Budget After Modification</u></b>	<b><u>Paid or Charged</u></b>	<b><u>Expended</u></b>	<b><u>Reserved</u></b>
Subtotal General Appropriations		\$ 37,844,983.42	\$ 37,504,251.71		\$ 340,731.71
Reserve for Uncollected Taxes		1,837,978.64	1,837,978.64		
Total General Appropriations		\$ 39,682,962.06	\$ 39,342,230.35		\$ 340,731.71
Adopted Budget					A
Appropriations added by 40A:4-87	A-2	\$ 38,732,422.02			
Special Emergency Authorization	A-2	37,668.09			
Emergency Authorization	A-1, 8	435,149.52			
	A, A-1	477,722.43			
		\$ 39,682,962.06			
Reserve for:					
Encumbrances	A		\$ 328,625.03		
Uncollected Taxes	A-2		1,837,978.64		
Disbursements	A-4		36,142,256.51		
Special Emergency:					
Reserve for Contractually Required Severance	A-8		435,149.52		
Deferred Charges Raised:					
Special Emergency Appropriations	A-8		290,000.00		
Interfund - Grant Fund	A-15		308,220.65		
	A-3		\$ 39,342,230.35		

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**BALANCE SHEET - TRUST FUND**

**Exhibit B**

**REGULATORY BASIS**

**DECEMBER 31, 2011 AND 2010**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Animal Control Trust Fund</u></b>			
Cash	B-1	\$ 38,123.31	\$ 59,472.99
<b><u>Trust-Other Fund</u></b>			
Cash	B-1	5,937,892.01	7,150,297.40
Interfund - Current Fund	B-3, A	658,720.87	
Funds Held by Trustee - (Unaudited)	B-6	1,316,857.69	1,399,996.28
Deficit in Reserve for Construction Code	B-4	20,144.77	
		<u>7,933,615.34</u>	<u>8,550,293.68</u>
		<u>\$ 7,971,738.65</u>	<u>\$ 8,609,766.67</u>
<b><u>Liabilities and Reserves</u></b>			
<b><u>Animal Control Trust Fund</u></b>			
Reserve for Animal Control Trust Fund	B-2	\$ 36,889.11	\$ 59,417.35
Due to State of New Jersey		1,234.20	12.60
Interfund - Current Fund	B-3		43.04
		<u>38,123.31</u>	<u>59,472.99</u>
<b><u>Trust-Other Fund</u></b>			
Interfunds:			
Current Fund	B-3		29,325.35
Payroll Fund	B-4		25,964.66
Due To State of New Jersey		1,094.00	740.00
Reserve for:			
Miscellaneous Reserves	B-4	5,628,320.71	5,597,888.71
Open Space	B-5	987,342.94	1,496,378.68
Length of Service Awards Program (LOSAP) -			
Unaudited	B-6	1,316,857.69	1,399,996.28
		<u>7,933,615.34</u>	<u>8,550,293.68</u>
		<u>\$ 7,971,738.65</u>	<u>\$ 8,609,766.67</u>

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

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**

**BALANCE SHEET - GENERAL CAPITAL FUND**

**Exhibit C**

**REGULATORY BASIS**

**DECEMBER 31, 2011 AND 2010**

<b><u>Assets</u></b>	<b><u>Ref.</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Cash	C-1	\$ 2,660,822.06	\$ 2,162,879.02
Deferred Charges to Future Taxation:			
Funded	C-3	26,824,053.09	29,753,746.40
Unfunded	C-4	5,867,671.00	3,319,171.00
Grants Receivable	C-12	1,174,750.42	1,332,082.42
Environmental Infrastructure Trust Loan Accounts Receivable		<u>1,684,297.00</u>	<u>1,684,297.00</u>
		<u>\$ 38,211,593.57</u>	<u>\$ 38,252,175.84</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>			
Capital Improvement Fund	C-5	\$ 2,997.97	\$ 76,497.97
Interfund - Current Fund	C-1, A		704.79
Reserve for Debt Service	C-6	2,400.01	2,400.01
Improvement Authorizations:			
Funded	C-7	1,389,888.71	4,610,833.41
Unfunded	C-7	3,669,835.71	3,319,171.00
Reserve for Encumbrances	C-7	1,997,547.08	488,822.26
Environmental Infrastructure Trust Fund Loans	C-8	2,734,880.69	2,909,112.33
Serial Bonds	C-9	23,047,000.00	25,727,000.00
Green Trust Loan Payable	C-10	1,042,172.40	1,117,634.07
Bond Anticipation Notes	C-11	<u>4,324,871.00</u>	
		<u>\$ 38,211,593.57</u>	<u>\$ 38,252,175.84</u>

There were bonds and notes authorized but not issued on December 31, 2011 of \$2,498,500.00 (Schedule C-13).

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



**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**BALANCE SHEET - PAYROLL FUND**

**Exhibit G**

**REGULATORY BASIS**

**DECEMBER 31, 2011 AND 2010**

	<b><u>2011</u></b>	<b><u>2010</u></b>
<b><u>Assets</u></b>		
Cash	\$ 141,136.51	\$ 233,837.20
Interfund Receivable - Trust		<u>25,964.66</u>
	<u>\$ 141,136.51</u>	<u>\$ 259,801.86</u>
<b><u>Liabilities</u></b>		
Interfund Payable - Current Fund	\$	\$ 115,985.59
Payroll Deductions Payable	<u>141,136.51</u>	<u>143,816.27</u>
	<u>\$ 141,136.51</u>	<u>\$ 259,801.86</u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP**      **Exhibit H**

**REGULATORY BASIS**

**DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
General Fixed Assets:		
Land	\$ 6,531,802.00	\$ 6,531,802.00
Buildings and Improvements	7,625,922.71	7,625,922.71
Machinery and Equipment	<u>25,284,436.00</u>	<u>24,848,627.33</u>
	<u>\$ 39,442,160.71</u>	<u>\$ 39,006,352.04</u>
Investment in General Fixed Assets	<u>\$ 39,442,160.71</u>	<u>\$ 39,006,352.04</u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2011**

**NOTE 1.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A.      Reporting Entity**

The financial statements of the Township of Berkeley, County of Ocean, New Jersey (the "Township"), include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township as required by N.J.S. 40A:5-5. The financial statements of the Township do not include the operations of the Board of Education, Municipal Utility Authority, first aid organization or volunteer fire companies which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The Township had no component units in 2011.

**B.      Descriptions of Funds**

The GASB is the recognized standard-setting body for establishing governmental generally accepted accounting and financial reporting principles.

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

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

**Animal Control Trust Fund** - animal control license revenues and expenditures.

**Other Trust Fund** - sundry deposits held for satisfactory completion of specific work; receipts and disbursements for dedicated purposes.

**General Capital Fund** - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

**NOTE 1.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B.      Description of Funds (Continued)**

**General Capital Fund Balance - Revaluation**

In 2010 the Township, by resolution, appropriated \$60,000 from general capital surplus for the Township revaluation program. The amount authorized increased the reserve available in the Current Fund for such purpose. At year-end the amount available in reserve for revaluation was \$53,754.

**General Capital Fund - "Reappropriation of Funded Balances"**

In 2011 the Township, by resolution, re-appropriated a prior period funded improvement authorization to create an improvement authorization for the acquisition of a fire vehicle.

**Payroll Fund** - receipt and disbursement for payroll costs and payroll taxes.

**General Fixed Assets Account Group** - used to account for fixed assets used in general government operations.

**C.      Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from GAAP applicable to local governmental units. The more significant differences are as follows:

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

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

**Grant Revenues** - Federal and State grants, entitlement or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. Federal and State grant revenues received for purposes of capital projects financed by capital ordinances are recognized when received. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

**Expenditures** - unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**Encumbrances** - contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

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

**Deferred Charges** - the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories, overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the respective balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance. The status of deferred charges at December 31, 2011 is set forth in Note 9.

**Compensated Absences** - expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount which would normally be liquidated with expendable available financial resources be recorded as an expenditure in the Current Fund and the remaining obligations be recorded as a long-term obligation. The compensated absence liability at December 31, 2011 is set forth in Note 4.

**Property Acquired for Taxes** - is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded at its market value.

**Sale of Municipal Assets** - Cash proceeds from the sale of Township owned property may be reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

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

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

**General Fixed Assets** - In accordance with the New Jersey Administrative Code, which differs in certain respects from GAAP, the Township has developed a fixed assets accounting and reporting system.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting (Continued)**

**General Fixed Assets (Continued)**

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

GAAP does not require utilization of a general fixed asset account group.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

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

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

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

During 2011 the following changes occurred in the fixed assets of the Township:

	<b><u>Balance</u></b> <b><u>Jan. 1, 2011</u></b>	<b><u>Increase</u></b> <b><u>(Net)</u></b>	<b><u>Balance</u></b> <b><u>Dec. 31, 2011</u></b>
General Fixed Assets Account Group:			
Land	\$ 6,531,802	\$	\$ 6,531,802
Buildings	7,625,923		7,625,923
Furniture, Fixtures and Equipment	<u>24,848,627</u>	<u>435,809</u>	<u>25,284,436</u>
	<u>\$ 39,006,352</u>	<u>\$ 435,809</u>	<u>\$ 39,442,161</u>

**D. Financial Statements**

The GASB Codification requires the financial statements of a governmental unit to be presented in accordance with GAAP. The Township presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

**NOTE 1.      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E.      Budgets and Budgetary Accounting**

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the Division in accordance with applicable statutes.

**NOTE 2.      CASH AND CASH EQUIVALENTS**

**A.      Deposits**

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

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

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

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

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

At year-end the carrying amount of the Township's deposits was \$9,712,081 and the bank balance amount was \$10,139,285. Of this amount \$564,064 was covered by federal depository insurance and a collateral pool under New Jersey's Governmental Unit Deposit Protection Act covered \$9,575,221.

**B.      Investments**

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

- (1)      Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (2)      Government money market mutual funds.

**NOTE 2.      CASH AND CASH EQUIVALENTS (CONTINUED)**

**B.      Investments (Continued)**

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41);
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

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

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute up to one twentieth of one percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.



**NOTE 2.      CASH AND CASH EQUIVALENTS (CONTINUED)**

**C.      Cash Management Plan**

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

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

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

**D.      Credit Risk Categories**

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

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2011</u>	<u>2010</u>
Insured:		
FDIC	\$ 525,759	\$ 750,000
GUDPA	<u>15,881,233</u>	<u>13,016,693</u>
	\$ <u>16,406,992</u>	\$ <u>13,766,693</u>

**Custodial Credit Risk - Deposits**

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

State law limits investments as noted above.

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

### **NOTE 3.     DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

#### **A.     Long-Term Debt**

The Township's long-term debt is summarized as follows:

##### **General Capital Fund**

\$6,285,000 2001 Bonds due in annual installments ranging from \$615,000 to \$710,000 through 2012 at interest rates ranging from 4.25% to 4.35%	\$ 710,000
\$8,103,000 2004 Bonds due in annual installments ranging from \$690,000 to \$973,000 through 2015 at interest rates ranging from 4.00% to 4.25%	3,613,000
\$9,384,000 2006 Bonds due in annual installments ranging from \$719,000 to \$720,000 through 2020 at interest rates ranging from 4.00% to 4.50%	6,479,000
\$12,745,000 2010 Bonds due in annual installments ranging from \$500,000 to \$995,000 through 2024 at interest rates ranging from 3.00% to 4.00%	<u>12,245,000</u>
	\$ <u>23,047,000</u>

**NOTE 3.     DEBT (CONTINUED)****A.     Long-Term Debt (Continued)****General Capital Fund (Continued)**

The bonds mature serially in installments to the year 2024. Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,060,000	\$ 828,100	\$ 3,888,100
2013	2,550,000	723,408	3,273,408
2014	2,600,000	627,526	3,227,526
2015	2,643,000	526,769	3,169,769
2016	1,670,000	445,193	2,115,193
2017-21	7,629,000	1,296,476	8,925,476
2022-24	<u>2,895,000</u>	<u>174,312</u>	<u>3,069,312</u>
	\$ <u>23,047,000</u>	\$ <u>4,621,784</u>	\$ <u>27,668,784</u>

**Green Trust Loan Programs**

During 2001, the Township closed on a Green Trust Loan in the sum of \$185,825 for the Berkeley Recreation Acquisition at an interest rate of 2%. Additionally, during 2001, the Township received proceeds from a Green Trust Loan in the amount of \$409,630 for Veterans' Park Driving Range, at an interest rate of 2%. On December 19, 2007, the Township closed on a Green Trust Loan in the sum of \$500,000 for the Toms River Park at an interest rate of 2%. On May 19, 2008, the Township closed on a Green Trust Loan in the sum of \$289,203 for Toms River Park Phase II at an interest rate of 2%

Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 76,978	\$ 20,460	\$ 97,438
2013	78,526	18,913	97,439
2014	80,104	17,335	97,439
2015	81,714	15,725	97,439
2016	83,357	14,082	97,439
2017-21	367,744	46,596	414,340
2022-26	231,581	17,144	248,725
2027-28	<u>42,168</u>	<u>531</u>	<u>42,699</u>
	\$ <u>1,042,172</u>	\$ <u>150,786</u>	\$ <u>1,192,958</u>

**NOTE 3. DEBT (CONTINUED)****A. Long-Term Debt (Continued)****Environmental Infrastructure Trust Fund Loans**

During 2007, the Township entered into loan agreements funded by the New Jersey Environmental Trust in the amount of \$1,320,000 for Potters Creek. \$345,000 was funded by a trust loan with interest rates ranging from 3.40% to 5.00%. The remaining \$975,000 was funded by a fund loan with 0.00% interest. The loan matures in 2027.

During 2008, the Township entered into loan agreements funded by the New Jersey Environmental Trust in the amount of \$814,303 for storm water management, roadway and drainage improvements. \$405,000 was funded by a trust loan with interest rates ranging from 5.00% to 5.50%. The remaining \$409,303 was funded by a fund loan with 0.00% interest. The loan matures in 2021.

During 2010 the Township entered into a loan agreement funded by the New Jersey Environmental Trust in the amount of \$1,005,700 for storm water management. \$250,000 will be funded by a trust loan with interest rates ranging from 3.845% to 4.25%. The remaining \$755,700 will be funded by an interest free fund loan. The loan is payable in installments commencing August 1, 2011 and maturing on August 1, 2029.

Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 180,547	\$ 42,212	\$ 222,759
2013	178,539	39,703	218,242
2014	176,504	37,177	213,681
2015	183,024	34,638	217,662
2016	180,398	31,638	212,036
2017-21	961,046	111,088	1,072,134
2022-26	631,867	41,138	673,005
2027-29	<u>242,956</u>	<u>5,661</u>	<u>248,617</u>
	\$ <u>2,734,881</u>	\$ <u>343,255</u>	\$ <u>3,078,136</u>

**B. Short-Term Debt**

On December 31, 2011, the Township's outstanding bond anticipation notes were as follows:

**General Capital Fund**

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>	<u>Interest Rate</u>
09-11, 09-26	Various Capital Improvements	\$ 2,044,871	1.24%
10-31	Various Capital Improvements	<u>2,280,000</u>	1.24%
		\$ <u>4,324,871</u>	

**NOTE 3. DEBT (CONTINUED)**

**C. Bonds and Notes Authorized but not Issued**

At December 31, 2011, the Township had authorized but not issued bonds and notes as follows:

General Capital	\$ 2,498,500
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**D. Borrowing Power**

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Township's statutory net debt at December 31, 2011 was 0.55%. The Township's remaining borrowing power is 2.95%.

The summary of municipal debt for the last three years and the calculation of statutory net debt is presented in the Supplementary Data section of this report.

**E. Summary of Debt Service**

During 2011 the following changes occurred in the outstanding debt of the Township:

	<b>Balance Jan. 1, 2011</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance Dec. 31, 2011</b>
General Debt:				
Serial Bonds	\$ 25,727,000	\$	\$ 2,680,000	\$ 23,047,000
Bond Anticipation Notes		4,324,871		4,324,871
Green Trust loans	1,117,634		75,462	1,042,172
Bond Anticipation Notes	<u>2,909,112</u>	<u></u>	<u>174,231</u>	<u>2,734,881</u>
	<u>\$ 29,753,746</u>	<u>\$ 4,324,871</u>	<u>\$ 2,929,693</u>	<u>\$ 31,148,924</u>

**NOTE 4. ACCRUED SICK AND VACATION BENEFITS**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay. The Township permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$2,684,727 and \$2,902,277 at December 31, 2011 and 2010, respectively. A reserve is maintained in the Other Trust Fund and had no balance as of December 31, 2011. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

**NOTE 5. FUND BALANCES APPROPRIATED**

The fund balance at December 31, 2011 which has been proposed to be utilized as Current Fund anticipated revenue in the year ending December 31, 2012 is \$61,646.

**NOTE 6. TAXES COLLECTED IN ADVANCE**

Taxes collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2011</u>	<u>2010</u>
Prepaid Taxes	\$ 902,410	\$ 1,037,482

**NOTE 7. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

New Jersey statutes require that taxable valuation of real property be prepared by the Township Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (the "Board") by January 10 of the following year. Upon the filing of certified adopted budgets by the Township, Regional School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Township Tax Collector (the "Collector") on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

**NOTE 8. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED**

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

**NOTE 9.      DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charges are shown on the balance sheet of the various funds:

	<u>Balance</u> <u>Dec. 31, 2011</u>	<u>Required to</u> <u>be Raised as</u> <u>2012 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Years</u>
Current Fund:			
Special Emergency Authorizations (N.J.S. 40A:4-55)			
Contractually Required Severance			
Liabilities	\$ 435,150	\$ 87,030	\$ 348,120
Emergency Appropriations	477,722	477,722	
Deficit in Operations	864,305	864,305	
Trust Fund:			
Deficit in Construction	<u>20,145</u>	<u>20,145</u>	<u>          </u>
	\$ <u>1,797,322</u>	\$ <u>1,449,202</u>	\$ <u>348,120</u>

**NOTE 10.      PENSION PLANS**

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

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

The contribution requirements of plan members are determined by State statute. Plan members enrolled in the PERS are required to contribute 5.5% of their annual covered salary. Plan members enrolled in the PFRS are required to contribute 8.5% of their annual covered salary. Pursuant to Ch. 78, P.L. 2011 and effective October 1, 2011, the employee pension contribution rates were adjusted as follows:

- PERS members from 5.5% to 6.5% of their annual covered salary, with an additional increase to be phased in over the next 7 years bringing the total pension contribution rate to 7.5% of annual covered salary.
- PFRS members from 8.5% to 10% of their annual covered salary.

**NOTE 10. PENSION PLANS (CONTINUED)**

In addition, Cost of Living Adjustments (COLA) are suspended for all current and future retirees of all retirement systems. The Township's contributions to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2010	\$ 827,685	\$ 1,861,943
2009	334,559	859,198
2008	488,706	556,104

**NOTE 11. OTHER POST-EMPLOYMENT BENEFITS****Plan Description**

The Township contributes to the State Health Benefits Program ("SHBP"), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. In 1990, the Township authorized participation in the SHBP's post-retirement benefit program through Resolution Number 89-256. The Township adopted the provisions of Chapter 88, P.L. 1974 that provides medical benefits to any employee who has over 25 years of pension service credit.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Funding Policy**

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis.

The Township contributions to SHBP for the years ended December 31, 2011, 2010 and 2009 were \$1,219,442, \$1,092,387 and \$1,019,254, respectively, which equaled the required contributions for each year. There were approximately 89, 84 and 79 retired participants eligible at December 31, 2011, 2010 and 2009, respectively.



**NOTE 12. RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township is a member of the Ocean County Municipal Joint Insurance Fund, and the Municipal Excess Liability Fund, public entity risk pools currently operating as a common risk management and insurance programs for municipalities within the state. The Township pays an actuarially determined annual assessment to Garden State Municipal Joint Insurance Fund for its insurance coverage and that of the Municipal Excess Liability Fund. Supplemental assessments may be levied to supplement the funds. The Township has not been notified on any supplemental assessments.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**NOTE 13. SCHOOL TAXES**

Local District School and Regional School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, C. 63 required that any municipality that levied school taxes on a school year basis shall defer from the 1991 municipal purposes tax levy at least 25% of the amount allowable to be deferred (which is 50% (fifty percent) of the levy). The remainder of the allowable amount shall be deferred from the levy in each of the next three years (1992-1994). The amounts so deferred shall be regarded as fund balance and shall be used to offset the local property tax levy for local purposes. In 1992 at least 50% of the amount allowable to be deferred from the 1992 tax levy was required to offset the 1993 local property tax levy and the total amount of deferral at December 31, 1993 was 75% of the amount allowable to be deferred based on the 1993 tax levy.

In 1994 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

	<b>Local District School Tax</b>		<b>Regional School Tax</b>	
	<b>Balance December 31</b>		<b>Balance December 31</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Balance of Tax	\$ 13,584,954	\$ 13,717,413	\$ 8,777,811	\$ 8,943,781
Deferred	<u>13,584,954</u>	<u>13,717,413</u>	<u>8,777,811</u>	<u>8,943,781</u>
Tax Payable	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

**NOTE 14. CONTINGENT LIABILITIES****State and Federal Financial Assistance**

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2011, the Township estimates that no material liabilities will result from such audits.

**NOTE 14.     CONTINGENT LIABILITIES (CONTINUED)**

**Major Tax Assessments**

It was noted that there were no assessments in excess of 1% of the total assessed valuation during the 2011 year.

**Pending Litigation**

There are actions which have been instituted against the Township which are either in the discovery stage or whose final outcome cannot be determined at the present time. In the opinion of the administration, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Township.

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

The Township officials believe that negligence and other types of liability suits, of which the Township is aware, appear to be within the stated policy limits and would be deferred by the respective carriers.

**NOTE 15.     INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheets at December 31, 2011:

	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>
Current Fund	\$ 157,387	\$ 658,721
Grant Fund		157,387
Trust Other Fund	<u>658,721</u>	<u>          </u>
	\$ <u>816,108</u>	\$ <u>816,108</u>

**NOTE 16.     LENGTH OF SERVICE AWARD PROGRAM**

On January 18, 1977 the voters of the Township approved the creation of a Length of Service Award Program ("LOSAP"). Subsequently, the Division approved the Township's LOSAP plan, provided by VALIC. The purpose of this plan is to enhance the Township's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

VALIC will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual maximum contribution of \$1,150 for the fire companies and first aid squads to each eligible volunteer who accumulates minimum service points based on criteria established by Township Ordinance No. 2002-34. The Township's contribution shall be included in the current year's budget.

**NOTE 16.     LENGTH OF SERVICE AWARD PROGRAM (CONTINUED)**

All amounts awarded under a length of service award program shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

Township contributions for the year ended December 31, 2010 totaling \$208,413 were disbursed in October of 2011. The Township's contribution for the year ended December 31, 2011 is \$201,935 and was paid out in June of 2012.

**APPENDIX C**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Township of Berkeley, in the County of Ocean, New Jersey (the "Issuer" or "Township") in connection with the issuance by the Issuer of \$\_\_\_\_\_ General Obligation Bonds (the "Bonds"). The Bonds are being issued pursuant to various Bond Ordinances (collectively, the "Ordinances") duly adopted by the Township Council of the Issuer (the "Council"), as set forth in a Resolution duly adopted by the Council on September 25, 2012 (the "Resolution"). The Bonds are dated their date of delivery and shall mature on October 15 in the years \_\_\_\_ through \_\_\_\_, inclusive. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12, as amended.

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

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

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

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

"EMMA" shall mean the Electronic Municipal Market Access System operated by MSRB.

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

"MSRB" shall mean the Municipal Securities Rule Making Board.

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

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

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

“State” shall mean the State of New Jersey.

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

SECTION 3. Provision of Annual Reports. (a) The Issuer shall, or cause the Dissemination Agent to, not later than nine (9) months after the end of the Issuer's fiscal year, commencing with the Annual Report for the fiscal year ending December 31, 2011, provide to the MSRB via the EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide an Annual Report by the date required in subsection (a), the Issuer shall, in a timely manner not in excess of ten (10) business days after such required date, send a notice, in substantially the form attached hereto as Exhibit A, to the MSRB via EMMA on such form and in such format as shall be required by the MSRB for such filings.

(c) The Dissemination Agent shall:

1. If the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

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

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

2. The financial information and operating data set forth in the Official Statement dated \_\_\_\_\_, 2012 prepared in connection with the sale of the Bonds, in “APPENDIX A” and “APPENDIX B”.

#### SECTION 5. Reporting of Listed Events.

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

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

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

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

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event (for which a determination of materiality is applicable) would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the MSRB via EMMA.

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

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

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

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

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



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

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

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

SECTION 10. Prior Compliance with the Rule. The Township is currently in compliance with all previous undertakings, if any, to provide secondary market disclosure pursuant to the Rule.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

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

**TOWNSHIP OF BERKELEY, IN THE  
COUNTY OF OCEAN, NEW JERSEY**

By \_\_\_\_\_  
**FREDERICK C. EBENAU,**

**Chief Financial Officer**

**Dated: October\_\_\_\_, 2012**

**EXHIBIT A**

**NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Township of Berkeley, County of Ocean, New Jersey  
Name of Bond Issue: \$\_\_\_\_\_ General Obligation Bonds, Series 2012  
Dated Date: October \_\_, 2012  
(CUSIP Number:\_\_\_\_\_)

NOTICE IS HEREBY GIVEN that the above designated Township has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Agreement for the General Obligation Bonds dated \_\_\_\_\_, 2012 executed by the Township. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Date: \_\_\_\_\_

**TOWNSHIP OF BERKELEY, IN THE COUNTY  
OF OCEAN, NEW JERSEY**

By \_\_\_\_\_

**Name:**

**Title:**

**APPENDIX D**  
**FORM OF BOND COUNSEL'S OPINION**



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

John O. Bennett, III  
New Jersey Resident Partner

October \_\_, 2012

Mayor and Township Council  
Township of Berkeley  
Ocean County, New Jersey

**RE: Township of Berkeley, County of Ocean, New Jersey  
\$\_\_\_\_\_ General Obligation Bonds, Series 2012**

Dear Mayor and Council:

We have examined the record of proceedings relating to the issuance of \$\_\_\_\_\_ General Obligation Bonds, Series 2012, of the Township of Berkeley, in the County of Ocean, New Jersey (the "Township"), a municipal corporation of the State of New Jersey (the "Bonds").

The Bonds are dated October \_\_, 2012 and mature on October 15<sup>th</sup> in each year in the principal amounts set forth in the tables below. Interest on the Bonds, at the respective rates of interest set forth below, is payable semiannually on October 15<sup>th</sup> and April 15<sup>th</sup> of each year, commencing on April 15, 2013, until maturity.

<u>Maturity</u> <u>(October 15<sup>th</sup>)</u>	<u>Principal Amount*</u>	<u>Maturity</u> <u>(October 15<sup>th</sup>)</u>	<u>Principal Amount*</u>
2013	\$525,000	2019	\$1,050,000
2014	525,000	2020	1,050,000
2015	525,000	2021	1,050,000
2016	1,025,000	2022	1,050,000
2017	1,050,000	2023	1,050,000
2018	1,050,000		

The Bonds are not subject to optional redemption prior to their stated maturities.

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

A Limited Liability Partnership Formed in Pennsylvania

One River Centre • 331 Newman Springs Roads • Building 1 • Suite 136 • Redbank, NJ 07701-5688 • 732-378-6900 • fax: 732-378-6800  
www.dilworthlaw.com • Philadelphia, PA • Cherry Hill, NJ • Harrisburg, PA • Washington, DC • Wilmington, DE

The Bonds are authorized pursuant to the Local Bond Law of the State of New Jersey (*N.J.S.A. 40A:2-1 et seq.*) and are issued pursuant to a Bond Resolution adopted by the Township on September 25, 2012, and by virtue of the Bond Ordinances finally adopted by the Township as identified in said Bond Resolution. The Bonds are being issued to: (i) permanently finance Bond Anticipation Notes previously issued by the Borough in a total aggregate principal amount of \$6,822,500 and maturing on October 25, 2012, and (ii) to finance a bond ordinance in the amount of \$3,177,500.

In forming our opinion, we have examined certified copies of the Bond Ordinances, Bond Resolution and related proceedings. We also have examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate, including the Non-Arbitrage and Use of Proceeds Certificate of the Township dated the date of the Bonds (the "Non-Arbitrage Certificate") for the purpose of the opinions rendered below. 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. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Bonds, on a certificate of the Township executed by the Mayor, Clerk, and Chief Financial Officer. We have not reviewed and are not passing upon any statistical or financial data or other information relating to the Township which may have been provided to any purchaser or prospective purchaser of the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest thereon will be and will remain excluded from gross income pursuant to Section 103 of the Code. The Township has provided the Non-Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the Non-Arbitrage Certificate, the Township has certified to the effect that it expects to be able to, and will, comply with the provisions and procedures set forth therein and that to the extent authorized by law will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds is not includable in gross income under Section 103 of the Code. In rendering this opinion, we have assumed compliance by the Township with the covenants contained in the Bonds and the statements contained in the Non-Arbitrage Certificate that are intended to comply with the provisions of the Code relating to actions to be taken by the Township in respect of the Bonds after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Bonds. These covenants and statements relate to, *inter alia*, the use of proceeds of the Bonds and the property financed or refinanced thereby and the rebating to the United States Treasury of specified arbitrage earnings, if required. Furthermore, we take no responsibility for the continuing review or verification as to the satisfaction of the requirements under the Code, or any similar or related legislation when enacted or amended, for compliance by the Township therewith.

We are of the opinion that:

1. The Bonds are valid and legally binding obligations of the Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Township for the payment of the principal of the Bonds and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws affecting creditors' rights in general, from time to time in effect and by equitable principles, whether considered at law or in equity.
2. Interest on the Bonds and any gain from the sale thereof are not includible in gross income under the New Jersey Gross Income Tax Act.
3. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes and will not be a specific preference item for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. We express no opinion regarding any other federal income tax consequences arising with respect to the Bonds.
4. The Borough has taken the actions necessary for the Bonds to be designated or deemed designated as "qualified tax-exempt obligations," as defined in and for purposes of Section 265(b)(3) of the Code. Assuming the accuracy of the representations of the Borough relating to such designation, we are of the opinion that such designation is valid with respect to the Bonds for the purposes of such Section.

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

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

Very truly yours,