**OFFICIAL STATEMENT DATED APRIL 30, 2020**

**NEW ISSUE**
**BOOK-ENTRY ONLY**

**Ratings: (See "RATINGS" herein)**

*In the opinion of Bond Counsel, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Bonds and Notes and subject to certain provisions of the Code which are described herein, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds and Notes, interest on the Bonds and Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Bonds and Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals. Under the laws of the State of New Jersey, as enacted and construed on the date of the original delivery of the Bonds and Notes, interest on the Bonds and Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

# $9,715,000
# TOWNSHIP OF BERKELEY
# IN THE COUNTY OF OCEAN, NEW JERSEY
# GENERAL OBLIGATION BONDS, SERIES 2020
# (Callable)

**Dated:** Date of Delivery
**Due:** May 1, as shown on the inside front cover

# $6,935,500
# TOWNSHIP OF BERKELEY
# IN THE COUNTY OF OCEAN, NEW JERSEY
# BOND ANTICIPATION NOTES, SERIES 2020A
# (Non-Callable)

**Dated:** Date of Delivery
**Due:** May 14, 2021

The $9,715,000 aggregate principal amount of General Obligation Bonds, Series 2020 (the "Bonds") are general obligations of the Township of Berkeley, in the County of Ocean, State of New Jersey (the "Township") for which the full faith and credit of the Township are pledged. The Bonds constitute general obligations of the Township and the full faith and credit and unlimited ad valorem taxing power of the Township are pledged to the payment of the principal thereof and the interest thereon.

The $6,935,500 Bond Anticipation Notes, Series 2020A (the "Notes"), dated the date of delivery, are also general obligations of the Township, payable from ad valorem taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount.

The Bonds and the Notes 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 and the Notes. Individual purchases of the Bonds will be made in book entry form, in the denomination of $5,000 or more. Individual purchases of the Notes will be made in book-entry form in the principal amount of $5,000 or greater.

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2021, at such rates of interest, as shown on the inside front cover page hereof until maturity or earlier redemption. 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 subject to redemption prior to maturity as described herein.

The Notes will bear interest at the rate per annum and reoffering yield, as shown on the inside front cover page, commencing from their date of delivery. Interest on the Notes will be payable at maturity on May 14, 2021. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent at the date of maturity. The Notes are not subject to redemption prior to maturity.

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 by a resolution duly adopted by the Township Council as set forth herein. The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, and various bond ordinances duly adopted by the Township Council as set forth herein.

Proceeds of the Bonds are being used to: (i) refund, on a current basis, a $10,432,000 aggregate principal portion of the $16,935,000 bond anticipation notes of the Township, dated May 15, 2019 and maturing May 15, 2020 (the "May Prior Notes"); and (ii) pay the costs associated with the issuance of the Bonds.

The Notes are being issued to: (i) refund, on a current basis, a $6,503,000 aggregate principal portion of the May Prior Notes; (ii) refund, on a current basis, the $432,500 bond anticipation notes of the Township, dated October 10, 2019 and maturing May 15, 2020 (the "September Prior Notes", and together with the May Prior Notes, the "Prior Notes"); and (iii) pay the costs associated with the issuance of the Notes.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

ASSURED GUARANTY MUNICIPAL

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

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

The Bonds and Notes are offered when, as and if received by the purchaser and subject to prior sale, withdrawal or modification of the offer without notice, and to approval of legality by GluckWalrath LLP, Freehold, New Jersey, Bond Counsel, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey, serves as Municipal Advisor to the Township in connection with the issuance of the Bonds and Notes. It is expected that the Bonds and Notes, in definitive form, will be available for delivery on or about May 14, 2020.

**Underwriter for the Bonds**

**ROOSEVELT & CROSS, INC. AND ASSOCIATES**

**Underwriter for the Notes**

OPPENHEIMER

**$9,715,000 GENERAL OBLIGATION BONDS, SERIES 2020**

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

| Year | Amount | Interest Rate | Yield | CUSIP* |
|---|---|---|---|---|
| 2021 | $550,000 | 4.00% | 1.00% | 084375JA3 |
| 2022 | 590,000 | 4.00 | 1.10 | 084375JB1 |
| 2023 | 905,000 | 4.00 | 1.20 | 084375JC9 |
| 2024 | 1,095,000 | 4.00 | 1.30 | 084375JD7 |
| 2025 | 1,100,000 | 4.00 | 1.40 | 084375JE5 |
| 2026 | 1,100,000 | 4.00 | 1.50 | 084375JF2 |
| 2027 | 1,100,000 | 4.00 | 1.60 | 084375JG0 |
| 2028 | 1,100,000 | 4.00 | 1.70 | 084375JH8 |
| 2029 | 1,090,000 | 2.00 | 2.00 | 084375JJ4 |
| 2030 | 1,085,000 | 2.125 | 2.125 | 084375JK1 |

**$6,935,500 BOND ANTICIPATION NOTES, SERIES 2020A**

**MATURITY, AMOUNT, INTEREST RATE, YIELD AND CUSIP***

| Maturity | Amount | Interest Rate | Yield | CUSIP* |
|---|---|---|---|---|
| May 14, 2021 | $6,935,500 | 2.00% | 0.90% | 084375JL9 |

* CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein are provided by S&P Global's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders and Noteholders only at the time of issuance of the Bonds and Notes and the Township does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds and Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds and Notes.

**TOWNSHIP OF BERKELEY**
**IN THE COUNTY OF OCEAN, NEW JERSEY**
**627 PINEWALD-KESWICK ROAD**
**BAYVILLE, NJ 08721-0287**
**(732) 244-7400**

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

**TOWNSHIP COUNCIL**
Keith A. Buscio, President
Angelo Guadagno, Vice President
John Bacchione
L. Thomas Grosse, Jr.
James J. Byrnes
Judy Noonan
Sophia Gingrich

**BUSINESS ADMINISTRATOR**
John Camera

**CHIEF FINANCIAL OFFICER**
Frederick C. Ebenau

**TAX COLLECTOR**
Maureen Cosgrove

**TOWNSHIP CLERK**
Beverly M. Carle

**TOWNSHIP ATTORNEY**
Rothstein, Mandell, Strohm, Halm & Cipriani, P.C.
Lakewood, New Jersey

**INDEPENDENT AUDITORS**
Holman Frenia Allison, P.C.
Toms River, New Jersey

**BOND COUNSEL**
GluckWalrath LLP
Freehold, New Jersey

**MUNICIPAL 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 and Notes 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 Purchaser 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 and Notes 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.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix G - Specimen Municipal Bond Insurance Policy".

**TABLE OF CONTENTS**

**Page**


INTRODUCTION ..... 1
THE BONDS ..... 1
General Description ..... 1
Optional Redemption ..... 1
Notice of Redemption ..... 2
Authorization for the Issuance of the Bonds ..... 2
Purpose of the Bonds ..... 2
Payment of Bonds ..... 3
Denominations and Place of Payment ..... 3
THE NOTES ..... 3
General Description ..... 3
Denominations and Place of Payment ..... 4
Optional Redemption ..... 4
Authorization for the Issuance of Notes ..... 4
SECURITY FOR THE BONDS AND NOTES ..... 4
The Township ..... 5
DISCLOSURE REGARDING COVID-19 ..... 5
BOND INSURANCE ..... 5
Bond Insurance Policy ..... 5
Assured Guaranty Municipal Corp. ..... 5
BOOK-ENTRY-ONLY SYSTEM ..... 7
Discontinuance of Book-Entry Only System ..... 10
MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES ..... 10
Local Bond Law (N.J.S.A. 40A:2-1 et seq.) ..... 10
Debt Limits ..... 10
Exceptions to Debt Limits - Extensions of Credit ..... 10
Short Term Financing ..... 11
The Local Budget Law (N.J.S.A. 40A:4-1 et seq.) ..... 11
Tax Appeals ..... 13
The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.) ..... 13
School Debt Subject to Voter Approval ..... 13
TAX MATTERS ..... 14
Federal Income Taxes ..... 14
State Taxes ..... 14
Original Issue Premium ..... 14
Certain Federal Tax Considerations ..... 14
Backup Withholding ..... 15
Changes in Law and Post-Issuance Events ..... 15
Section 265 Qualification ..... 15
LEGALITY FOR INVESTMENT ..... 16
CONTINUING DISCLOSURE ..... 16
LITIGATION ..... 17
DE-ANNEXATION PETITION ..... 17
MUNICIPAL BANKRUPTCY ..... 18
CERTAIN REFERENCES ..... 18
CERTIFICATION OF OFFICIAL STATEMENT ..... 19
RATINGS ..... 19
UNDERWRITING ..... 19
MUNICIPAL ADVISOR ..... 19
APPROVAL OF LEGAL PROCEEDINGS ..... 20
FINANCIAL STATEMENTS ..... 20
ADDITIONAL INFORMATION ..... 20
MISCELLANEOUS ..... 20

APPENDIX A: GENERAL INFORMATION REGARDING THE TOWNSHIP
APPENDIX B: FINANCIAL STATEMENTS OF THE TOWNSHIP
APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS
APPENDIX D: FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES
APPENDIX E: FORM OF BOND COUNSEL OPINION FOR THE BONDS
APPENDIX F: FORM OF BOND COUNSEL OPINION FOR THE NOTES
APPENDIX G: SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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

**RELATING TO**

**$9,715,000 GENERAL OBLIGATION BONDS, SERIES 2020**
**(Callable)**

**AND**

**$6,935,500 BOND ANTICIPATION NOTES, SERIES 2020A**
**(Non-Callable)**

## INTRODUCTION

This Official Statement, which includes the cover page, inside front 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 $9,715,000 aggregate principal amount of General Obligation Bonds, Series 2020 (the "Bonds") and $6,935,500 Bond Anticipation Notes, Series 2020A (the "Notes") of the Township.

## THE BONDS

### General Description

The Bonds will be dated the date of delivery and will mature on May 1 in each of the years and in the principal amounts as shown on the inside front cover page hereof. The interest on the Bonds will be payable semi-annually beginning May 1, 2021 and on each November 1 and May 1 thereafter. The record dates for the Bonds is each preceding April 15 and October 15, 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 maturing prior to May 1, 2028 are not subject to optional redemption. The Bonds maturing on or after May 1, 2028 shall be subject to redemption at the option of the Township, in whole or in part, on any date on or after May 1, 2027 at a price of 100% of the principal amount being redeemed (the "Redemption Price"), plus unpaid accrued interest to the date fixed for redemption.

**Notice of Redemption**

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed Bond Registrar. So long as DTC (the "Depository Trust Company") (or any successor thereto) acts as securities depository for the Bonds ("Securities Depository"), such Notice of Redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Township; within a maturity the Bonds to be redeemed shall be selected by the Securities Depository in accordance with its procedures.

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

**Authorization for the Issuance of the Bonds**

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"), and are authorized by various bond ordinances duly adopted by the Township Council on the dates set forth in the chart on the following page and published and approved as required by law, and by a resolution duly adopted by the Township Council on March 23, 2020.

The bond ordinances authorizing the Bonds were published in full or in summary after their final adoption along with the statement that the twenty (20) day period of limitation within which a suit, action or proceeding questioning the validity of such bond ordinances could be commenced began to run from the date of the first publication of such statement. The Local Bond Law provides, that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and all persons shall be estopped from questioning their sale, execution or delivery by the Township. Such estoppel period has concluded as of the date of this Official Statement.

**Purpose of the Bonds**

Proceeds of the Bonds are being used to: (i) refund, on a current basis, a $10,432,000 aggregate principal portion of the $16,935,000 bond anticipation notes of the Township, dated May 15, 2019 and maturing May 15, 2020 (the "May Prior Notes"); and (ii) pay the costs associated with the issuance of the Bonds.

The purposes for which the Bonds are to be issued have been authorized by duly adopted, approved and published bond ordinances of the Township, which bond ordinances are described in the following table by ordinance number, description and the amount of the Prior Notes being refunded with the proceeds of the Bonds. The bond ordinances are:

| Ordinance No. | Purpose | Amount of Prior Notes Being Refunded with the Proceeds of the Bonds |
|---|---|---|
| 12-14-OAB | Various Capital Improvements, finally adopted July 10, 2012 | $282,000 |
| 13-26-OAB | Various Capital Improvements, finally adopted July 8, 2013 | 1,382,000 |
| 14-03-OAB | Various Capital Improvements and the Acquisition of Various Capital Equipment, finally adopted February 24, 2014 | 200,000 |
| 18-01-OAB | Various Capital Improvements and the Acquisition of Various Capital Equipment, finally adopted February 26, 2018 | 8,568,000 |
| | | |
| **Total:** | | $10,432,000 |

**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 AND NOTES."

**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 DTC. 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 or more. 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.

## THE NOTES

**General Description**

The Notes will be dated the date of delivery and will mature on the due date, as shown on the front cover hereof. The interest on the Notes will be payable on the due date as shown on the inside front cover page. The Notes will be issued in book-entry form only.

The Notes 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 Notes without limitation as to rate or amount.

**Denominations and Place of Payment**

The Notes are issuable only as fully registered Notes without coupons, and when issued will be in the form of one certificate in the principal amount of the Notes 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 Notes. Purchase of the Notes will be made in book entry form, in the denomination of $5,000 or greater. Purchasers will not receive certificates representing their interest in Notes 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 Notes. See "Book-Entry-Only System" herein.

**Optional Redemption**

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

**Authorization for the Issuance of Notes**

The Notes are authorized and being issued pursuant to the Local Bond Law of the State of New Jersey (N.J.S.A. 40A:2-1 et seq.) (the "Local Bond Law"), and the acts amendatory thereof and supplemental thereto, and various bond ordinances of the Township.

The Notes are being issued to: (i) refund, on a current basis, a $6,503,000 aggregate principal portion of the outstanding May Prior Notes; (ii) refund, on a current basis, the $432,500 bond anticipation notes of the Township, dated October 10, 2019 and maturing May 15, 2020 (the "September Prior Notes", and together with the May Prior Notes, the "Prior Notes"); and (iii) pay the costs associated with the issuance of the Notes. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which ordinances are described in the following table by ordinance number, description and amount of Prior Notes being refunded with the Notes:

| Ordinance No. | Purpose | Amount of Prior Notes Being Refunded with the Notes |
|---|---|---|
| 17-21-OAB | Acquisition of Real Property for Open Space, finally adopted August 21, 2017. | $432,500 |
| 19-01-OAB | Various Capital Improvements and Acquisition of Various Capital Equipment, finally adopted January 28, 2019. | 6,503,000 |
| | | |
| **Total:** | | $6,935,500 |

## SECURITY FOR THE BONDS AND NOTES

The Bonds and Notes 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 and Notes. 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 and Notes, without limitation as to rate or amount.

**The Township**

The Township, primarily a residential community, is located in the central part of the County. See Appendix "A" for general information regarding the Township.

## DISCLOSURE REGARDING COVID-19

COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a Pandemic by the World Health Organization on March 11, 2020. States of emergency have been declared by Governor Murphy on March 9, 2020 and by President Trump on March 13, 2020. The outbreak of this disease has severely affected travel, commerce and financial markets globally, and is expected to alter the behavior of people and businesses in a manner that will likely have significant negative impacts on the global, national and local economies.

In New Jersey, residents and businesses have been advised to take pro-active measures, including use of "social distancing" to reduce interpersonal contacts. All large-scale public events have been canceled, schools have been closed, and some businesses are encouraging employees to work remotely whenever possible. Persons exposed to, or having close contact with persons exposed to, the COVID-19 virus are generally being encouraged, or required, to self-isolate for extended periods of time.

The acute phase of the COVID-19 pandemic in New Jersey is expected to last several months. The federal and state governments are expected to enact legislation to mitigate the financial impacts on people and businesses. While its potential impact cannot be predicted at this time, the COVID-19 pandemic could have a material adverse impact on the Township and its finances.

## BOND INSURANCE

**Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

**Assured Guaranty Municipal Corp.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating

Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

*Current Financial Strength Ratings*

On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On November 7, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

*Capitalization of AGM*

At December 31, 2019:

- The policyholders' surplus of AGM was approximately $2,691 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $986 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,027 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE

were determined in accordance with accounting principles generally accepted in the United States of America.

*Incorporation of Certain Documents by Reference*

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

*Miscellaneous Matters*

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

## BOOK-ENTRY-ONLY SYSTEM

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and Notes, payment of principal and interest, and other payments on the Bonds and Notes to DTC Participants or Beneficial Owners (as each such terms is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and Notes 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 Notes. The Bonds and Notes 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. One fully registered certificate will be issued in the aggregate principal amount of the Notes, 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 and www.dtc.org.

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

To facilitate subsequent transfers, all Bonds and Notes 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 and Notes 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 and Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds and Notes 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 or Notes 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 and Notes 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 and Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds and Notes, 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 and Notes 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 and/or Note 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 and/or Note 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 AND NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS AND NOTEHOLDERS OR REGISTERED OWNERS OF THE BONDS AND NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS AND NOTES.**

**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 and/or Notes, the following provisions apply: (i) the Bonds and/or Notes may be exchanged for an equal aggregate principal amount of Bonds and Notes 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 and/or Notes 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 and/or Notes, 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 and/or Notes. Interest on the Bonds and/or Notes 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 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. 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 shown in Appendix "A", the Township has not exceeded its statutory debt limit as of December 31, 2019.

**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).

**Short Term Financing**

The Township may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for one year periods, with the last date of issuance not to exceed ten years and four months from the original issuance date. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

**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.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

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. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

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.

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, 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 and notes.

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

**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 constituent municipality. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the constituent municipality, 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 Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds and Notes for interest thereon to be and remain excluded from gross income of the owners thereof for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Bonds and Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds and Notes. The Township has covenanted to comply with the provisions of the Code applicable to the Bonds and Notes, and has covenanted not to take any action or permit any action that would cause the interest on the Bond and Notes to be included in gross income under Section 103 of the Code or cause interest on the Bonds and Notes to be treated as an item of tax preference for purposes of the alternative minimum tax imposed by the Code on individuals. Bond Counsel will not independently verify the accuracy of those certifications and representations.

Assuming the Township observes its covenants with respect to compliance with the Code, GluckWalrath LLP, Bond Counsel to the Township, is of the opinion that, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of Bonds and Notes, interest on the Bonds and Notes is excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Bonds and Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals. See "Certain Federal Tax Considerations" below.

### State Taxes

In the opinion of Bond Counsel, under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Bonds and Notes, interest on the Bonds and Notes and any gains from the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act.

### Original Issue Premium

The initial public offering prices of the Bonds and Notes may be greater than the stated redemption prices thereof at maturity (the "Premium Bonds and Notes"). The difference between the initial public offering price for the Premium Bonds and Notes and the stated redemption price at maturity is "original issue premium." For federal income tax purposes original issue premium is amortizable periodically over the term of the Premium Bonds and Notes through reductions in the holder's tax basis for the Premium Bonds and Notes for determining gain or loss from sale or redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Premium Bonds and Notes rather than creating a deductible expense or loss. Purchasers of the Bonds and Notes should consult their tax advisors for an explanation of the accrual rules for original issue premium and any other federal, state or local tax consequences of the purchase of the Premium Bonds and Notes.

### Certain Federal Tax Considerations

Ownership of the Bonds and Notes may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be

subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Bonds and Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Bonds and Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Bonds and Notes will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Bonds and Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Bonds and Notes.

Bond Counsel is not rendering any opinion on any federal tax matters other than those described under the caption "TAX MATTERS." Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds and Notes, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

**Backup Withholding**

Commencing with interest paid in 2006, interest paid on tax-exempt obligations such as the Bonds and Notes is subject to information reporting to the IRs in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds and Notes may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

**Changes in Law and Post-Issuance Events**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Bonds and Notes for federal or state income tax purposes, and thus on the value or marketability of the Bonds and Notes. This impact could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of interest on the Bonds and Notes from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds and Notes may occur. Prospective purchasers of the Bonds and Notes should consult their own tax advisors regarding such matters.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Notes may affect the tax status of interest on the Bonds and Notes. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds and Notes, or the interest thereon, if any action is taken with respect to the Bonds and Notes or the proceeds thereof upon the advice or approval of counsel other than Bond Counsel.

**Section 265 Qualification**

The Code denies the interest deduction for indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which must be so designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

The Township is not designating the Bonds and Notes as qualified for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations under Section 265 of the Code.

**ALL POTENTIAL PURCHASERS OF THE BONDS AND NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE.**

## 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 Notes, and such Bonds and Notes are authorized security for any and all public deposits.

## CONTINUING DISCLOSURE

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the Township will deliver concurrently with the delivery of the Bonds a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix "C" (the "Form of Continuing Disclosure Certificate for the Bonds"). The Township has covenanted for the benefit of the Bondholders, in accordance with the provisions of the Form of Continuing Disclosure Certificate for the Bonds, to provide or cause to be provided, in accordance with the requirements of the Rule, certain financial information and operating data to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access System ("EMMA") dataport or to any other designated nationally recognized municipal securities information repository (the "National Repository") and to the appropriate State information depository, if any (as defined in the Form of Continuing Disclosure Certificate for the Bonds). The Township has also covenanted in the Form of Continuing Disclosure Certificate for the Bonds to provide notices of the occurrence of certain enumerated events.

The Township has covenanted for the benefit of the holders of the Notes to provide notices of the occurrence of certain enumerated events with respect to the Notes, as set forth in section (b)(5)(i)(C) of the Rule (the "Notices"). The Notices will be filed by the Township with the MSRB. The specific nature of the Notices will be detailed in a certificate to be executed on behalf of the Township by its Chief Financial Officer, in the form appearing in Appendix "D" (the "Form of Continuing Disclosure for the Notes") hereto, such certificate to be delivered concurrently with the delivery of the Notes.

During the five-year period preceding the date of this Official Statement, the Township previously failed to file, in accordance with the Rule, in a timely manner, under previous filing requirements, certain operating data information. While the Township has filed its financial information and operating data in each of the past five (5) years, as required by the Rule, certain information, required in some, but not all, of the Township's continuing disclosure agreements, was not included in the operating data for the years ended December 31, 2014, 2015, 2016, 2017, and 2018. Additionally, the Township has failed to file a notice of incurrence of a financial obligation in 2019. Event notices and late filing notices have been filed on EMMA containing the required information. The Township appointed Phoenix Advisors, LLC in November of 2013 to serve as continuing disclosure agent.

## LITIGATION

Upon delivery of the Bonds and Notes, the Township shall furnish a certificate of Rothstein, Mandell, Strohm, Halm & Cipriani, P.C., Lakewood, New Jersey (the "Township Attorney"), dated the date of delivery of the Bonds and Notes, to the effect that there is no litigation of any nature pending or, to the Township Attorney's knowledge, threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds and Notes, or in any way contesting or affecting the validity of the Bonds and Notes 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 and Notes. 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 and notes, which has not been disclosed in this Official Statement.

## DE-ANNEXATION PETITION

For several years, a group of homeowners in the South Seaside Park neighborhood ("SSP") of the Township have been seeking the de-annexation of their neighborhood from the Township and its annexation into the adjoining Borough of Seaside Park (the "Borough"). The SSP is located on a barrier island across Barnegat Bay from most of the Township. Approximately 10% of the assessed value of the Township is located in SSP.

Under New Jersey law, upon filing of a petition signed by 60% of the legal voters residing in the land to be annexed, the planning board of the municipality in which such land is located (the "current municipality") is required to report to the governing body on the impact of the proposed annexation upon the current municipality. For the annexation to be successful, it must thereafter be authorized by a resolution of the current municipality (approved by a 2/3 vote of the governing body's full membership), followed by an ordinance of the annexing municipality (approved by a 2/3 vote).

The Township's planning board recently concluded a series of hearings regarding the SSP annexation, prepared its report, and unanimously voted to not recommend SSP be permitted to secede from the Township. Said report and recommendation have been submitted to the Township Council and a vote on the petition is expected at the Township Council's May meeting. It is expected that the Township Council will vote to not allow the secession and that the petitioners will take their argument to Superior Court.

In any judicial review of the refusal of a governing body to consent to an annexation, the petitioners would have the burden of establishing that the refusal of the governing body to consent to the petition was arbitrary or unreasonable, that refusal to consent to the annexation is detrimental to the economic and social well-being of a majority of residents of the affected land, and that the annexation will not cause a significant injury to the well-being of the current municipality.

The Borough may not consider the SSP annexation unless the annexation is first approved by the Township. In the event both the Township and the Borough should approve the annexation of SSP, the Borough would be liable to pay a proportion of the bonded and other indebtedness of the Township. The proportion would be determined by a joint committee appointed by both governing bodies, or in the absence of agreement, by commissioners appointed by the New Jersey Superior Court.

In February 2020, the New Jersey Superior Court in Atlantic County dismissed a lawsuit brought by residents of the Seaview Harbor neighborhood of Egg Harbor Township ("Egg Harbor"), challenging

Egg Harbor's refusal to approve the de-annexation of that neighborhood into the adjoining Borough of Longport. The Township believes such dismissal reflects the deference that courts will likely give to annexation decisions made by municipal governing bodies.

## 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 Notes, 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 of the Township and the Bonds and Notes 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 Ordinances 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 and Notes, by certificates signed by an official of the Township, that to their knowledge such descriptions and statements, as of the date hereof, and as of closing, 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.

Bond Counsel 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.

## RATINGS

S&P is expected to assign a rating of "AA" to the Bonds based upon the issuance of the Policy from AGM at the time of delivery of the Bonds. S&P has assigned its rating of “AA-” to the Bonds based upon the creditworthiness of the Township. S&P has also assigned a rating of “SP-1+” to the Notes.

An explanation of the significance of such ratings may be obtained from S&P at 55 Water Street, New York, New York, 10041. The ratings are not a recommendation to buy, sell or hold the Bonds or Notes and there is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings by S&P may have an adverse effect on the market price of the Bonds or Notes.

## UNDERWRITING

Bonds

The Bonds have been purchased from the Township at a public sale by Roosevelt & Cross Inc. and Associates (the “Bond Underwriter”) at a price of $10,436,879.59.

Notes

The Notes have been purchased from the Township at a public sale by Oppenheimer & Co., Inc. (the “Note Underwriter”) at a price of $6,988,055.00.

## MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Township with respect to the issuance of the Bonds and Notes (the "Municipal Advisor"). The Municipal 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 Municipal 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 Bonds and Notes are subject to the approval of GluckWalrath LLP, Freehold, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with the Bonds and Notes substantially in the forms set forth as Appendix "E" and Appendix "F", respectively. Certain legal matters will be passed on for the Township by the Township Attorney.

## FINANCIAL STATEMENTS

Appendix "B" contains certain unaudited financial data of the Township extracted from the Township's Annual Financial Statement for the Township's fiscal year ending December 31, 2019 and certain audited financial data of the Township for the Township's fiscal year ending December 31, 2018. The unaudited financial data was compiled by Holman Frenia Allison, P.C., Toms River, New Jersey (the "Auditor") and the audited financial data was extracted from the report prepared by the Auditor, to the extent and for the period set forth in their report appearing in Appendix "B". The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the financial statements appearing in Appendix "B" hereto) and, accordingly, we will express no opinion with respect thereto.

## ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Township's Chief Financial Officer, 627 Pinewald-Keswick Road, Bayville, New Jersey 08721-0287, telephone (732) 244-7400, or the Township's Municipal Advisor, Phoenix Advisors, LLC, 625 Farnsworth Avenue, 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 or Notes. 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 or Notes 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.

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

/s/ Frederick C. Ebenau

Frederick C. Ebenau,
Chief Financial Officer

Dated: April 30, 2020

# APPENDIX A
# GENERAL INFORMATION REGARDING THE TOWNSHIP

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## INFORMATION REGARDING THE TOWNSHIP[1]

The following material presents certain economic and demographic information of Township of Berkeley (the "Township"), in the County of Ocean (the "County"), State of New Jersey (the "State").

### General Information

The Township 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

[1] Source: The Township (unless otherwise indicated).

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.

## Form 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.

## 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.

## Education

Township students attend Berkeley Township School District (the "School District") for grades Pre-K to 6. The School District is coterminous with the boundaries of the Township and contains four (4) school facilities. Students in grades 7 to 12 attend the Central Regional School District.

## Retirement Systems

All full-time permanent or qualified Township employees who began employment after 1944 must enroll in one of three 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 (the "Division") 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 ("PERS"), the Police and Firemen's Retirement System ("PFRS"), and the Defined Contribution Program ("DCRP").

## Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Township, the County, and the State:

| | Total Labor Force | Employed Labor Force | Total Unemployed | Unemployment Rate |
|---|---|---|---|---|
| ***Township*** | | | | |
| 2018 | 15,530 | 14,664 | 866 | 5.6% |
| 2017 | 15,639 | 14,658 | 981 | 6.3% |
| 2016 | 15,740 | 14,683 | 1,057 | 6.7% |
| 2015 | 15,745 | 14,490 | 1,255 | 8.0% |
| 2014 | 15,839 | 14,364 | 1,475 | 9.3% |
| ***County*** | | | | |
| 2018 | 266,971 | 255,456 | 11,515 | 4.3% |
| 2017 | 268,234 | 255,361 | 12,873 | 4.8% |
| 2016 | 267,872 | 253,889 | 13,983 | 5.2% |
| 2015 | 265,397 | 248,986 | 16,411 | 6.2% |
| 2014 | 264,480 | 244,949 | 19,531 | 7.4% |
| ***State*** | | | | |
| 2018 | 4,422,900 | 4,239,600 | 183,400 | 4.1% |
| 2017 | 4,518,838 | 4,309,708 | 209,123 | 4.6% |
| 2016 | 4,530,800 | 4,305,515 | 225,262 | 5.0% |
| 2015 | 4,537,231 | 4,274,685 | 262,531 | 5.8% |
| 2014 | 4,527,177 | 4,221,277 | 305,900 | 6.8% |

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

## Income (as of 2017)

| | Township | County | State |
|---|---|---|---|
| Median Household Income | $48,054 | $65,771 | $76,475 |
| Median Family Income | 68,620 | 82,380 | 94,337 |
| Per Capita Income | 32,429 | 33,312 | 39,069 |

Source: US Bureau of the Census, 2017 American Community Survey 5-Year Estimates

## Population

The following tables summarize population increases and the decreases for the Township, the County, and the State.

| | Township | | County | | State | |
|---|---|---|---|---|---|---|
| Year | Population | % Change | Population | % Change | Population | % Change |
| 2018 Estimate | 41,762 | 1.23% | 601,651 | 4.35% | 8,908,520 | 1.33% |
| 2010 | 41,255 | 3.16 | 576,567 | 12.85 | 8,791,894 | 4.49 |
| 2000 | 39,991 | 7.16 | 510,916 | 17.94 | 8,414,350 | 8.85 |
| 1990 | 37,319 | 61.20 | 433,203 | 25.19 | 7,730,188 | 4.96 |
| 1980 | 23,151 | 192.38 | 346,038 | 65.99 | 7,365,001 | 2.75 |

Source: United States Department of Commerce, Bureau of the Census

## Largest Taxpayers

The ten (10) largest taxpayers in the Township and their assessed valuations are listed below:

| Taxpayers | 2019 Assessed Valuation | % of Total Assessed Valuation |
|---|---|---|
| Hovchild Partnership LLC | $31,876,200 | 0.62% |
| Plainfield Properties LLC | 28,289,800 | 0.55% |
| Quaker Malls LP | 17,721,200 | 0.34% |
| Baywick Plaza LLC | 15,000,000 | 0.29% |
| Arlington Beach Co | 14,746,700 | 0.28% |
| Berkeley Healthcare Assoc LLC | 11,500,000 | 0.22% |
| Millers Camp Inc C/O Josephine | 8,434,900 | 0.16% |
| Bay Housing Association | 8,160,000 | 0.16% |
| Hope Springs LLC | 8,143,100 | 0.16% |
| BNJ Realty LLC | 8,000,000 | 0.15% |
| **Total** | $151,871,900 | 2.93% |

Source: School District Comprehensive Annual Financial Report & Municipal Tax Assessor

## Comparison of Tax Levies and Collections

| Year | Tax Levy | Current Year Collection | Current Year % of Collection |
|---|---|---|---|
| 2019U | $113,386,816 | $111,928,394 | 98.71% |
| 2018 | 111,970,440 | 109,953,553 | 98.20% |
| 2017 | 106,734,982 | 105,315,779 | 98.67% |
| 2016 | 106,331,265 | 103,711,457 | 97.54% |
| 2015 | 103,129,564 | 100,540,548 | 97.49% |

U: Unaudited
Source: Annual Audit Reports of the Township and 2019 Annual Financial Statement

## Delinquent Taxes and Tax Title Liens

| Year | Amount of Tax Title Liens | Amount of Delinquent Tax | Total Delinquent | % of Tax Levy |
|---|---|---|---|---|
| 2019U | $400,046 | $958,122 | $1,358,169 | 1.20% |
| 2018 | 1,114,416 | 1,404,711 | 2,519,127 | 2.25% |
| 2017 | 1,091,188 | 1,030,938 | 2,122,126 | 1.99% |
| 2016 | 1,041,729 | 1,993,493 | 3,035,222 | 2.85% |
| 2015 | 688,971 | 2,108,170 | 2,797,141 | 2.71% |

U: Unaudited
Source: Annual Audit Reports of the Township and 2019 Annual Financial Statement

## Property Acquired by Tax Lien Liquidation

| Year | Amount |
|---|---|
| 2019U | $6,179,600 |
| 2018 | 6,179,600 |
| 2017 | 6,179,600 |
| 2016 | 6,590,980 |
| 2015 | 6,590,980 |

U: Unaudited
Source: Annual Audit Reports of the Township and 2019 Annual Financial Statement

## Tax Rates per $100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for the past five (5) years.

| Year | Municipal | Municipal Open Space | Local School | Regional School | County | Total |
|---|---|---|---|---|---|---|
| 2019 | $0.646 | $0.010 | $0.600 | $0.466 | $0.445 | $2.167 |
| 2018 | 0.646 | 0.010 | 0.601 | 0.466 | 0.437 | 2.160 |
| 2017 | 0.618 | 0.010 | 0.587 | 0.436 | 0.429 | 2.080 |
| 2016 | 0.618 | 0.010 | 0.586 | 0.436 | 0.419 | 2.069 |
| 2015 | 0.600 | 0.010 | 0.561 | 0.425 | 0.416 | 2.012 |

Source: Abstract of Ratables and State of New Jersey – Property Taxes

## Valuation of Property

| Year | Aggregate Assessed Valuation of Real Property | Aggregate True Value of Real Property | Ratio of Assessed to True Value | Assessed Value of Personal Property | Equalized Valuation |
|---|---|---|---|---|---|
| 2019 | $5,170,975,100 | $5,775,044,784 | 89.54% | $4,677,720 | $5,779,722,504 |
| 2018 | 5,132,282,800 | 5,581,601,740 | 91.95 | 3,910,890 | 5,585,512,630 |
| 2017 | 5,103,850,966 | 5,415,801,110 | 94.24 | 3,863,682 | 5,419,664,792 |
| 2016 | 5,115,446,410 | 5,282,369,279 | 96.84 | 3,989,190 | 5,286,358,469 |
| 2015 | 5,097,787,960 | 5,141,490,630 | 99.15 | 4,246,138 | 5,145,736,768 |

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

## Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

| Year | Vacant Land | Residential | Farm | Commercial | Industrial | Apartments | Total |
|---|---|---|---|---|---|---|---|
| 2019 | $126,574,300 | $4,684,455,500 | $302,200 | $279,661,000 | $16,853,300 | $63,128,800 | $5,170,975,100 |
| 2018 | 135,728,900 | 4,637,597,300 | 921,500 | 280,660,700 | 16,853,300 | 60,521,100 | 5,132,282,800 |
| 2017 | 134,323,200 | 4,616,600,166 | 712,500 | 280,585,300 | 16,424,100 | 55,205,700 | 5,103,850,966 |
| 2016 | 139,576,200 | 4,610,354,810 | 712,500 | 285,904,700 | 23,692,500 | 55,205,700 | 5,115,446,410 |
| 2015 | 143,719,200 | 4,580,869,960 | 711,900 | 290,027,400 | 24,462,500 | 57,997,000 | 5,097,787,960 |

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

## Financial Operations

The following table summarizes the Township's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

**Summary of Current Fund Budget**

| **Anticipated Revenues** | **2015** | **2016** | **2017** | **2018** | **2019** |
|---|---|---|---|---|---|
| Fund Balance Utilized | $833,000 | $2,401,129 | $2,032,750 | $2,645,000 | $2,710,000 |
| Miscellaneous Revenues | 10,674,328 | 9,575,650 | 9,591,599 | 9,303,671 | 9,459,522 |
| Receipts from Delinquent Taxes | 3,075,000 | 2,425,000 | 2,102,000 | 1,500,000 | 1,425,000 |
| Amount to be Raised by Taxation | 30,611,767 | 31,614,008 | 31,566,482 | 33,155,252 | 33,434,023 |
| Total Revenue: | $45,194,095 | $46,015,787 | $45,292,831 | $46,603,923 | $47,028,544 |
| **Appropriations** | | | | | |
| General Appropriations | $33,690,998 | $35,116,040 | $34,174,908 | $35,273,644 | $36,325,121 |
| Operations (Excluded from CAPS) | 1,996,704 | 1,822,020 | 2,354,822 | 2,218,995 | 1,727,022 |
| Deferred Charges and Statutory Expenditures | 1,476,169 | 1,487,544 | 1,454,659 | 673,320 | 413,931 |
| Judgments | 29,855 | 26,246 | 0 | 100,000 | 0 |
| Capital Improvement Fund | 330,000 | 400,000 | 425,000 | 800,000 | 350,000 |
| Municipal Debt Service | 4,219,014 | 3,786,333 | 4,511,998 | 4,985,238 | 5,930,993 |
| Reserve for Uncollected Taxes | 3,451,355 | 3,377,604 | 2,371,443 | 2,552,725 | 2,281,478 |
| Total Appropriations: | $45,194,095 | $46,015,787 | $45,292,831 | $46,603,923 | $47,028,544 |

Source: Annual Adopted Budgets of the Township

## Fund Balance

Current Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

| | **Fund Balance - Current Fund** | |
|---|---|---|
| | **Balance** | **Utilized in Budget** |
| **Year** | **12/31** | **of Succeeding Year** |
| 2019U | $5,953,938 | N/A |
| 2018 | 6,088,255 | 2,710,000 |
| 2017 | 5,801,223 | 2,645,000 |
| 2016 | 4,164,228 | 2,032,750 |
| 2015 | 3,582,772 | 2,401,129 |

U: Unaudited
Source: Annual Audit Reports of the Township and 2019 Annual Financial Statement

## Township Indebtedness as of December 31, 2019

| | |
|---|---|
| **General Purpose Debt** | |
| Serial Bonds | $38,204,000 |
| Bond Anticipation Notes | 16,935,000 |
| Bonds and Notes Authorized but Not Issued | 522,501 |
| Other Bonds, Notes and Loans | 1,970,295 |
| Total: | $57,631,796 |
| **Local School District Debt** | |
| Serial Bonds | $0 |
| Temporary Notes Issued | 0 |
| Bonds and Notes Authorized but Not Issued | 0 |
| Total: | $0 |
| **Regional School District Debt** | |
| Serial Bonds | $454,963 |
| Temporary Notes Issued | 0 |
| Bonds and Notes Authorized but Not Issued | 0 |
| Total: | $454,963 |
| **Self-Liquidating Debt** | |
| Serial Bonds | $0 |
| Bond Anticipation Notes | 0 |
| Bonds and Notes Authorized but Not Issued | 0 |
| Other Bonds, Notes and Loans | 0 |
| Total: | $0 |
| **TOTAL GROSS DEBT** | **$58,086,759** |
| Less: Statutory Deductions | |
| General Purpose Debt | $1,506,873 |
| Local School District Debt | 0 |
| Regional School District Debt | 454,963 |
| Self-Liquidating Debt | 0 |
| Total: | $1,961,836 |
| **TOTAL NET DEBT** | **$56,124,923** |

Source: Annual Debt Statement of the Township

**Overlapping Debt (as of December 31, 2019)**[2]

| Name of Related Entity | Related Entity Debt Outstanding | Township Percentage | Township Share |
|---|---|---|---|
| Local School District | $0 | 100.00% | $0 |
| Regional School District | 653,000 | 69.67% | 454,963 |
| Berkeley Township Sewerage Authority (2018) | 6,530,204 | 100.00% | 6,530,204 |
| Berkeley Township Municipal Utilities Authority (2018) | 11,015,293 | 100.00% | 11,015,293 |
| Ocean County Utilities Authority (2018) | 117,404,255 | 6.81% | 7,996,729 |
| County (2018) | 486,423,834 | 5.44% | 26,475,007 |
| Net Indirect Debt | | | $52,472,196 |
| Net Direct Debt | | | 56,124,923 |
| Total Net Direct and Indirect Debt | | | **$108,597,120** |

**Debt Limit**

| | |
|---|---|
| Average Equalized Valuation Basis (2017, 2018, 2019) | $5,590,815,878 |
| Permitted Debt Limitation (3 1/2%) | 195,678,556 |
| Less: Net Debt | 56,124,923 |
| Remaining Borrowing Power | $139,553,632 |
| Percentage of Net Debt to Average Equalized Valuation | 1.004% |
| | |
| Gross Debt Per Capita based on 2010 population of 41,255 | $1,408 |
| Net Debt Per Capita based on 2010 population of 41,255 | $1,360 |

Source: Annual Debt Statement of the Township

[2] Township percentage of County debt is based on the Township's share of total equalized valuation in the County. The Township's share of utilities authority debt is based on the Township's portion of total flow from each respective authority.

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**APPENDIX B**
**FINANCIAL INFORMATION REGARDING THE TOWNSHIP**

**UNAUDITED FINANCIAL DATA OF THE TOWNSHIP**
**FOR THE YEAR ENDED DECEMBER 31, 2019**

# TOWNSHIP OF BERKELEY
# COUNTY OF OCEAN, NEW JERSEY

## COMPREHENSIVE ANNUAL FINANCIAL REPORT
## FOR THE YEAR ENDED DECEMBER 31, 2019

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**TOWNSHIP OF BERKELEY**
**COUNTY OF OCEAN**

# PART I

# INDEPENDENT ACCOUNTANT'S COMPILATION REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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HFA
Certified Public Accountants + Advisors

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333
194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010
www.hfacpas.com

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Members
of the Township Committee
Township of Berkeley
County of Ocean
Berkeley, New Jersey

Management is responsible for the accompanying financial statements of the Township of Berkeley, County of Ocean, State of New Jersey, which comprise the statement of assets, liabilities reserves and fund balance—regulatory basis as of December 31, 2019 and 2018, and the related statement of operations and changes in fund balance—regulatory basis for the years then ended and the related statement of revenues-regulatory basis, statement of expenditures-regulatory basis for the year ended December 31, 2019 and the related notes to the financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements were prepared in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Management has elected to omit certain disclosures related to pensions and other post-employment benefits. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Township's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

Jerry W. Conaty
Certified Public Accountant
Registered Municipal Accountant
RMA No. 581

April 22, 2020
Toms River, New Jersey

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**BASIC FINANCIAL STATEMENTS**

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# TOWNSHIP OF BERKELEY
## CURRENT FUND
## STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
## FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **Assets** | | |
| Cash | $ 9,455,293.94 | $ 8,816,038.83 |
| Cash - Change Fund | 2,100.00 | 1,600.00 |
| | 9,457,393.94 | 8,817,638.83 |
| Federal Emergency Management Receivable | 593,151.50 | 690,661.49 |
| | 10,050,545.44 | 9,508,300.32 |
| Receivables and Other Assets with Full Reserves: | | |
| Delinquent Property Taxes Receivable | 958,122.41 | 1,404,460.92 |
| Tax Title Liens Receivable | 400,046.24 | 1,114,415.98 |
| Property Acquired for Taxes | 6,179,600.00 | 6,179,600.00 |
| Revenue Accounts Receivable | 10,343.00 | 10,331.00 |
| Due From Municipal Utility Authority | 4,388.29 | 9,567.37 |
| Trailer Fees Receivable | 890.00 | 890.00 |
| Debris Receivable | - | 4,744.94 |
| Interfunds: | | |
| Trust Other Fund | - | 146,726.68 |
| Payroll | - | 508,952.66 |
| Grant Fund | 1,467,477.07 | 502,238.80 |
| | 9,020,867.01 | 9,881,928.35 |
| Deferred Charges: | | |
| Budget Overexpenditures | - | 54,721.29 |
| FEMA Community Disaster Loan (Memo) | 1,321,925.36 | 1,309,488.91 |
| Special Emergency Authorizations (40A:4-55) | 117,669.30 | 231,599.94 |
| | 1,439,594.66 | 1,595,810.14 |
| | 20,511,007.11 | 20,986,038.81 |
| **Grant Fund** | | |
| Grants Receivable | 3,034,705.74 | 2,505,831.24 |
| | 3,034,705.74 | 2,505,831.24 |
| | $23,545,712.85 | $23,491,870.05 |

See independent accountant's compilation report and accompanying notes to financial statements.

# TOWNSHIP OF BERKELEY
## CURRENT FUND
## STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
## FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **Liabilities, Reserves and Fund Balance** | | |
| Appropriation Reserves | 1,748,261.74 | 992,881.29 |
| Reserve for Encumbrances | 541,631.43 | 432,479.65 |
| Prepaid Taxes | 1,560,222.25 | 1,582,500.11 |
| Reserve for Garden State Trust Fund | 42,590.00 | 42,590.00 |
| Reserve for Police Found Money | 1,816.28 | 1,816.28 |
| Accounts Payable | 8,017.24 | 1,339.01 |
| County Taxes Payable | 182,607.36 | 148,184.15 |
| Tax Overpayments | 53,851.24 | 7,188.40 |
| Reserve for Contractually Required Severance | 34,000.31 | 34,000.31 |
| Local District School Taxes Payable | 100.00 | 100.00 |
| Reserve for Storm Damage | - | 15,837.16 |
| State of New Jersey (P.L. 1971, Ch. 20) | 78,998.99 | 64,657.11 |
| FEMA Community Disaster Loan (Memo) | 1,321,925.36 | 1,309,488.91 |
| Interfunds: | | |
| General Capital Fund | - | 382,793.34 |
| Trust Fund | 14,304.14 | - |
| | 5,588,326.34 | 5,015,855.72 |
| Reserve for Receivables and Other Assets | 9,020,867.01 | 9,881,928.35 |
| Fund Balance | 5,901,813.76 | 6,088,254.74 |
| | 20,511,007.11 | 20,986,038.81 |
| **Grant Fund** | | |
| Interfund - Current Fund | 1,467,477.07 | 502,238.80 |
| Reserve for Encumbrances | 52,415.41 | 488,864.64 |
| Appropriated Reserves | 1,452,520.03 | 1,452,434.57 |
| Unappropriated Reserves | 62,293.23 | 62,293.23 |
| | 3,034,705.74 | 2,505,831.24 |
| | $23,545,712.85 | $23,491,870.05 |

There were deferred school taxes on December 31, 2019 and 2018 of $26,510,813.19 and $26,363,869.60, respectively.

See independent accountant's compilation report and accompanying notes to financial statements.

# TOWNSHIP OF BERKELEY
## CURRENT FUND
## STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS
## FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | Year 2019 | Year 2018 |
|---|---|---|
| **Revenue and Other Income Realized** | | |
| Fund Balance Utilized | $ 2,710,000.00 | $ 2,645,000.00 |
| Miscellaneous Revenue Anticipated | 10,323,322.31 | 9,749,929.73 |
| Receipts from Delinquent Taxes | 1,505,836.96 | 1,195,239.99 |
| Receipts from Current Taxes | 111,932,339.81 | 109,861,705.44 |
| Non-Budget Revenues | 115,545.02 | 139,906.15 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Reserves | 631,907.91 | 389,698.55 |
| Prior Year Cancelled Checks | - | 3,379.42 |
| Interfunds Returned | 980,756.09 | - |
| Total Income | 128,199,708.10 | 123,984,859.28 |
| **Expenditures** | | |
| Budget Appropriations within Caps: | | |
| Operations: | | |
| Salaries and Wages | 16,324,741.70 | 15,601,517.70 |
| Other Expenses | 15,087,508.20 | 15,701,174.73 |
| Deferred Charges and Statutory Expenditures | 4,482,746.41 | 4,124,638.91 |
| Budget Appropriations excluded from Caps: | | |
| Operations: | | |
| Salaries and Wages | 909,959.46 | 832,291.58 |
| Other Expenses | 1,373,976.80 | 1,500,302.18 |
| Capital Improvements | 350,000.00 | 800,000.00 |
| Municipal Debt Service | 6,327,426.41 | 4,985,038.74 |
| Deferred Charges | 413,930.64 | 203,320.35 |
| | 45,270,289.62 | 43,748,284.19 |
| Prior Year Senior Citizen Deductions Disallowed | 91,332.54 | 70,616.24 |
| Prior Year Tax Appeals | 66,366.47 | 168,587.60 |
| Local District School Taxes | 31,018,910.00 | 30,467,867.00 |
| Regional School Taxes | 24,046,003.41 | 23,097,908.28 |
| County Taxes | 23,133,314.29 | 22,548,905.30 |
| Local Open Space Tax | 517,565.00 | 513,619.00 |
| Grant Fund Cancellation of Balances | - | 62,293.23 |

See independent accountant's compilation report and accompanying notes to financial statements.

# TOWNSHIP OF BERKELEY
## CURRENT FUND
## STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS
## FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | Year 2019 | Year 2018 |
|---|---|---|
| Reserve for Miscellaneous Accounts Receivable | - | 3,340.07 |
| Interfund Loans Advanced | 1,478,516.51 | 391,778.65 |
| Tax Overpayments | 53,851.24 | - |
| PY Adjustments | - | 34,349.04 |
| Total Expenditures | 125,676,149.08 | 121,107,548.60 |
| Excess/(Deficit) in Revenue | 2,523,559.02 | 2,877,310.68 |
| Adjustments to Income Before Fund Balance: | | |
| Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years | - | 54,721.29 |
| Statutory Excess to Fund Balance | 2,523,559.02 | 2,932,031.97 |
| Fund Balance January 1 | 6,088,254.74 | 5,801,222.77 |
| | 8,611,813.76 | 8,733,254.74 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | 2,710,000.00 | 2,645,000.00 |
| Fund Balance December 31 | $ 5,901,813.76 | $ 6,088,254.74 |

See independent accountant's compilation report and accompanying notes to financial statements.

# TOWNSHIP OF BERKELEY
## CURRENT FUND
## STATEMENT OF REVENUES - REGULATORY BASIS
## FOR THE YEAR ENDED DECEMBER 31, 2019

| | Anticipated Budget | Special N.J.S.A. 40A:4-87 | Realized | Excess or (Deficit) |
|---|---|---|---|---|
| Fund Balance Anticipated | $ 2,710,000.00 | $ - | $ 2,710,000.00 | $ - |
| | 2,710,000.00 | - | 2,710,000.00 | - |
| **Miscellaneous Revenues** | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | 45,800.00 | - | 46,476.00 | 676.00 |
| Other | 4,300.00 | - | 3,544.75 | (755.25) |
| Fees and Permits | 500,000.00 | - | 567,815.13 | 67,815.13 |
| Fines and Costs: | | | | |
| Municipal Court | 155,000.00 | - | 173,128.56 | 18,128.56 |
| Interest and Costs on Taxes | 403,000.00 | - | 404,589.59 | 1,589.59 |
| Interest on Investments and Deposits | 96,627.00 | - | 134,643.20 | 38,016.20 |
| Beach Admission Fees | 115,000.00 | - | 117,768.22 | 2,768.22 |
| Municipal Golf Course | 120,000.00 | - | 81,125.00 | (38,875.00) |
| Water and Cable Franchise Fees | 256,272.40 | - | 256,272.40 | - |
| Hotel and Motel Occupancy Tax | 26,000.00 | - | 26,859.38 | 859.38 |
| State Aid: | | | | |
| Energy Receipts Tax | 4,213,875.00 | - | 4,213,875.00 | - |
| Garden State Trust Fund | 42,590.00 | - | 42,590.00 | - |
| Special Items of Revenue: | | | | |
| Interlocal Services Agreements: | | | | |
| Animal Control Services | 11,898.33 | - | 12,631.15 | 732.82 |
| Ocean Gate Borough - Code Enforcement | 2,000.00 | - | 8,120.00 | 6,120.00 |
| Ocean Gate Borough - Finance Services | 55,000.00 | - | 35,263.37 | (19,736.63) |
| Ocean Gate Borough - Fuel Services | 20,000.00 | - | 38,287.55 | 18,287.55 |
| Berkeley Board of Education - Fuel Facilities | 60,000.00 | - | 118,379.71 | 58,379.71 |
| Fire Protection | 26,500.00 | - | 27,000.00 | 500.00 |
| Central Regional Board of Education - Fuel Facilities | 100,000.00 | - | 184,060.95 | 84,060.95 |
| Central Regional Board Trash | 42,000.00 | - | 52,500.00 | 10,500.00 |
| Public and Private Programs: | | | | |
| Municipal Alliance on Alchohol and Drug Abuse | 31,388.00 | - | 31,388.00 | - |



See independent accountant's compilation report and accompanying notes to financial statements.

**TOWNSHIP OF BERKELEY**
**CURRENT FUND**
**STATEMENT OF REVENUES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**

| | Anticipated Budget | Special N.J.S.A. 40A:4-87 | Realized | Excess or (Deficit) |
|---|---|---|---|---|
| Special Items of Revenue (Continued): | | | | |
| Public and Private Programs (Continued): | | | | |
| Clean Communities | - | 136,027.80 | 136,027.80 | - |
| Municipal Aid Grant | - | 365,000.00 | 365,000.00 | - |
| NJ OEM 996 Grant | - | 32,886.35 | 32,886.35 | - |
| Drive Sober or Get Pulled Over | - | 5,500.00 | 5,500.00 | - |
| Recycling Tonnage Grant | 82,078.44 | - | 82,078.44 | - |
| Body Armor Replacement Grant | 7,415.90 | - | 7,415.90 | - |
| Other Special Items: | | | | |
| Community Services Officer Program-Ambulance Service Fees | 700,000.00 | - | 755,176.30 | 55,176.30 |
| Health Care Coverage - Employee Percentage | 760,000.00 | - | 841,832.89 | 81,832.89 |
| Capital Fund Reserve for Cash | 378,539.55 | - | 378,539.55 | - |
| Senior/Veteran Administration Fee | 29,000.00 | - | - | (29,000.00) |
| Surplus from the Berkeley Township Sewer Authority | 410,000.00 | - | 410,000.00 | - |
| Uniform Fire Safety Act | 38,559.97 | - | 36,661.02 | (1,898.95) |
| Sale of Land | 15,153.88 | - | 42,623.21 | 27,469.33 |
| Interfund - Due from Trust Fund | 202,631.18 | - | 146,726.68 | (55,904.50) |
| Interfund - Due from Payroll Trust Fund | 508,892.05 | - | 506,536.21 | (2,355.84) |
| Total Miscellaneous Revenues | 9,459,521.70 | 539,414.15 | 10,323,322.31 | 324,386.46 |
| Receipts from Delinquent Taxes | 1,425,000.00 | - | 1,505,836.96 | 80,836.96 |
| Subtotal General Revenues | 13,594,521.70 | 539,414.15 | 14,539,159.27 | 405,223.42 |
| Amount to be Raised by Taxes for Support of Municipal Budget | 33,434,022.66 | - | 35,351,081.07 | 1,917,058.41 |
| Total General Revenues | 47,028,544.36 | 539,414.15 | 49,890,240.34 | 2,322,281.83 |
| Non-Budget Revenues | - | - | 115,545.02 | 115,545.02 |
| | $ 47,028,544.36 | $ 539,414.15 | $ 50,005,785.36 | $ 2,437,826.85 |



See independent accountant's compilation report and accompanying notes to financial statements.

# TOWNSHIP OF BERKELEY
## CURRENT FUND
## STATEMENT OF REVENUES - REGULATORY BASIS
## FOR THE YEAR ENDED DECEMBER 31, 2019

| | |
|---|---|
| **Analysis of Realized Revenues** | |
| Allocation of Current Tax Collections: | |
| Revenue from Collections | $ 111,932,339.81 |
| Allocated to: | |
| School, County Taxes and Municipal Open Space | 78,862,736.29 |
| Balance for Support of Municipal Budget Appropriations | 33,069,603.52 |
| Add: Appropriation "Reserve for Uncollected Taxes" | 2,281,477.55 |
| Amount for Support of Municipal Budget Appropriations | $ 35,351,081.07 |
| Receipts from Delinquent Taxes: | |
| Delinquent Tax Collections | $ 1,310,575.34 |
| Tax Title Lien Collections | 195,261.62 |
| | $ 1,505,836.96 |
| **Analysis of Non-Budget Revenue** | |
| Refund of Prior Year Expenses | $ 4,909.50 |
| Township Auction Proceeds | 14,175.00 |
| Recycling | 7,637.90 |
| Restitution | 1,569.23 |
| Miscellaneous Other | 32,532.73 |
| Lien Premiums Lapsed to Township | 41,900.00 |
| Insurance Reimbursements | 12,820.66 |
| | $ 115,545.02 |

See independent accountant's compilation report and accompanying notes to financial statements.

**TOWNSHIP OF BERKELEY**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**

| | Appropriated | | Expended | | | Unexpended Balance Cancelled |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Encumbrance | Reserved | |
| **OPERATIONS WITHIN CAPS** | | | | | | |
| **General Government Functions** | | | | | | |
| General Administration | | | | | | |
| Salaries and Wages | $ 194,140.00 | $ 214,140.00 | $ 209,622.78 | $ - | $ 4,517.22 | $ - |
| Other Expenses | 38,500.00 | 47,700.00 | 42,622.46 | 90.94 | 4,986.60 | - |
| Human Resources | | | | | | |
| Salaries and Wages | 137,196.00 | 148,196.00 | 147,454.27 | - | 741.73 | - |
| Other Expenses | 6,975.00 | 6,975.00 | 1,353.10 | - | 5,621.90 | - |
| Office of the Mayor | | | | | | |
| Salaries and Wages | 25,000.00 | 25,000.00 | 25,000.00 | - | - | - |
| Other Expenses | 1,600.00 | 1,600.00 | 390.00 | - | 1,210.00 | - |
| Township Council | | | | | | |
| Salaries and Wages | 89,500.00 | 89,500.00 | 87,961.66 | - | 1,538.34 | - |
| Other Expenses | 4,500.00 | 4,500.00 | 560.00 | - | 3,940.00 | - |
| Municipal Clerk | | | | | | |
| Salaries and Wages | 241,733.00 | 260,233.00 | 258,278.25 | - | 1,954.75 | - |
| Other Expenses | 19,200.00 | 19,200.00 | 15,208.07 | 1,962.43 | 2,029.50 | - |
| Division of Information Technology | | | | | | |
| Salaries and Wages | 56,361.00 | 61,361.00 | 60,542.72 | - | 818.28 | - |
| Other Expenses | 3,000.00 | 3,000.00 | 2,638.88 | - | 361.12 | - |
| Office of the Treasurer | | | | | | |
| Salaries and Wages | 349,578.00 | 399,578.00 | 374,872.43 | - | 24,705.57 | - |
| Other Expenses | 32,500.00 | 37,500.00 | 26,524.11 | 5,546.58 | 5,429.31 | - |
| Audit Services | | | | | | |
| Other Expenses | 55,750.00 | 56,000.00 | 55,987.00 | - | 13.00 | - |
| Revenue Administration (Tax Collection) | | | | | | |
| Salaries and Wages | 268,280.00 | 292,280.00 | 291,386.25 | - | 893.75 | - |
| Other Expenses | 56,000.00 | 56,000.00 | 35,957.62 | 789.88 | 19,252.50 | - |
| Tax Assessment Administration | | | | | | |
| Salaries and Wages | 317,684.00 | 362,684.00 | 357,596.48 | - | 5,087.52 | - |
| Other Expenses | 17,275.00 | 17,275.00 | 14,767.05 | 888.44 | 1,619.51 | - |
| Division of Purchasing | | | | | | |
| Salaries and Wages | 37,407.00 | 38,407.00 | 37,513.23 | - | 893.77 | - |
| Other Expenses | 91,025.00 | 91,025.00 | 88,322.14 | 2,177.14 | 525.72 | - |
| Legal Services | | | | | | |
| Other Expenses | 340,000.00 | 420,000.00 | 324,995.14 | 55,963.50 | 39,041.36 | - |
| Engineering Services | | | | | | |
| Other Expenses | 160,000.00 | 205,000.00 | 168,372.82 | - | 36,627.18 | - |
| Economic Development Agencies | | | | | | |
| Other Expenses | 700.00 | 700.00 | 25.00 | - | 675.00 | - |



See independent accountant's compilation report and accompanying notes to financial statements.

**TOWNSHIP OF BERKELEY**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**

| | Appropriated | | Expended | | | Unexpended Balance Cancelled |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Encumbrance | Reserved | |
| Veterans Advisory Council | | | | | | |
| Other Expenses | 500.00 | 500.00 | - | - | 500.00 | - |
| Senior Citizens Advisory Committee | | | | | | |
| Salaries and Wages | 300.00 | 300.00 | 300.00 | - | - | - |
| Waterways Advisory Committee | | | | | | |
| Salaries and Wages | - | 5,000.00 | 600.00 | - | 4,400.00 | - |
| Other Expenses | 1,000.00 | 1,000.00 | 400.00 | - | 600.00 | - |
| Municipal Court: | | | | | | |
| Salaries and Wages | 241,257.00 | 279,757.00 | 276,951.57 | - | 2,805.43 | - |
| Other Expenses | 7,900.00 | 12,900.00 | 8,183.04 | 2,297.61 | 2,419.35 | - |
| Public Defender (P.L. 1997, c256) | | | | | | |
| Other Expenses | 45,000.00 | 45,000.00 | 30,932.85 | - | 14,067.15 | - |
| **Land Use Administration** | | | | | | |
| Planning Board / Director of Planning | | | | | | |
| Other Expenses | 125,000.00 | 165,000.00 | 160,424.36 | - | 4,575.64 | - |
| Planning Board | | | | | | |
| Salaries and Wages | 25,889.00 | 25,889.00 | 21,340.93 | - | 4,548.07 | - |
| Other Expenses | 71,950.00 | 71,950.00 | 60,110.46 | 684.00 | 11,155.54 | - |
| Division of Zoning | | | | | | |
| Salaries and Wages | 94,549.00 | 101,549.00 | 101,151.09 | - | 397.91 | - |
| Other Expenses | 515.00 | 515.00 | 351.17 | - | 163.83 | - |
| Zoning Board of Adjustment | | | | | | |
| Salaries and Wages | 18,030.00 | 21,530.00 | 21,340.73 | - | 189.27 | - |
| Other Expenses | 28,400.00 | 28,400.00 | 11,740.22 | 825.00 | 15,834.78 | - |
| **Insurances** | | | | | | |
| General Liability | 1,275,000.00 | 1,475,000.00 | 1,379,702.38 | - | 95,297.62 | - |
| Workers Compensation | 350,000.00 | 526,000.00 | 523,452.70 | - | 2,547.30 | - |
| Employee Group Insurance | 7,100,000.00 | 6,150,000.00 | 6,086,719.18 | 6,677.30 | 56,603.52 | - |
| Unemployment Insurance | 5,000.00 | 5,000.00 | 5,000.00 | - | - | - |
| **Public Safety Functions** | | | | | | |
| Police Department | | | | | | |
| Salaries and Wages | 9,103,708.93 | 8,803,708.93 | 8,758,891.67 | - | 44,817.26 | - |
| Other Expenses | 416,500.00 | 417,500.00 | 337,521.83 | 48,503.11 | 31,475.06 | - |
| Emergency Management | | | | | | |
| Salaries and Wages | 16,000.00 | 16,000.00 | 12,847.28 | - | 3,152.72 | - |
| Other Expenses | 5,500.00 | 5,500.00 | 4,334.74 | 600.00 | 565.26 | - |
| Aid to Volunteer Fire Companies | | | | | | |
| Salaries and Wages | 15,000.00 | 15,000.00 | 14,999.92 | - | 0.08 | - |
| Other Expenses | 220,000.00 | 220,000.00 | 162,001.16 | 55,019.18 | 2,979.66 | - |



See independent accountant's compilation report and accompanying notes to financial statements.

**TOWNSHIP OF BERKELEY**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**

| | Appropriated | | Expended | | | Unexpended Balance Cancelled |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Encumbrance | Reserved | |
| First Aid Contribution | | | | | | |
| Other Expenses | 169,000.00 | 169,000.00 | 169,000.00 | - | - | - |
| Fire Department | | | | | | |
| Salaries and Wages | 133,638.00 | 133,638.00 | 90,086.68 | - | 43,551.32 | - |
| Other Expenses | 2,700.00 | 2,700.00 | 2,127.51 | - | 572.49 | - |
| Uniform Fire Safety Act (P.L. 1983, Ch. 383): | | | | | | |
| Salaries and Wages | 38,559.97 | 38,559.97 | 38,559.97 | - | - | - |
| Municipal Prosecutor: | | | | | | |
| Other Expenses | 25,000.00 | 35,600.00 | 35,557.50 | - | 42.50 | - |
| **Public Works Functions** | | | | | | |
| Streets and Roads Maintenance: | | | | | | |
| Salaries and Wages | 591,299.00 | 626,299.00 | 623,891.35 | - | 2,407.65 | - |
| Other Expenses | 247,250.00 | 257,750.00 | 200,128.45 | 47,943.84 | 9,677.71 | - |
| Contractual | 250,000.00 | 250,000.00 | 12,753.34 | - | 237,246.66 | - |
| Other Public Works Functions/Signs, Maintenance | | | | | | |
| Salaries and Wages | 88,405.00 | 88,405.00 | 45,589.45 | - | 42,815.55 | - |
| Other Expenses | 25,000.00 | 25,000.00 | 23,058.64 | 1,671.50 | 269.86 | - |
| Other Public Works Functions/ Building Demolition | | | | | | |
| Other Expenses | 10,000.00 | 10,000.00 | 1,400.00 | - | 8,600.00 | - |
| Sanitation/Solid Waste Collection: | | | | | | |
| Salaries and Wages | 1,992,130.00 | 1,931,380.00 | 1,931,348.96 | - | 31.04 | - |
| Other Expenses | 165,500.00 | 165,500.00 | 119,943.46 | 21,041.19 | 24,515.35 | - |
| Solid Waste Collection/Recycling | | | | | | |
| Salaries and Wages | 314,052.00 | 415,052.00 | 412,100.98 | - | 2,951.02 | - |
| Other Expenses | 19,250.00 | 22,750.00 | 19,017.43 | 2,630.94 | 1,101.63 | - |
| Buildings and Grounds: | | | | | | |
| Salaries and Wages | 166,605.00 | 221,105.00 | 218,435.48 | - | 2,669.52 | - |
| Other Expenses | 66,250.00 | 79,750.00 | 69,850.70 | 5,491.33 | 4,407.97 | - |
| Equipment Maintenance | | | | | | |
| Salaries and Wages | 514,405.00 | 514,405.00 | 504,070.79 | - | 10,334.21 | - |
| Other Expenses | 31,250.00 | 33,250.00 | 26,967.04 | 4,572.86 | 1,710.10 | - |
| **Health and Human Services** | | | | | | |
| Environmental Health Services | | | | | | |
| Other Expenses | 750.00 | 750.00 | 600.00 | - | 150.00 | - |
| Animal Control Services | | | | | | |
| Salaries and Wages | 133,788.00 | 133,788.00 | 127,515.84 | - | 6,272.16 | - |
| Other Expenses | 250.00 | 250.00 | - | - | 250.00 | - |
| Contribution - Providence House (N.J.S.A. 40:23-8.17) | 1,000.00 | 1,000.00 | 1,000.00 | - | - | - |
| Contribution - Community Services Inc. (N.J.S.A. 40:48-9.4) | 1,000.00 | 1,000.00 | 1,000.00 | - | - | - |
| Contribution - S.T.E.P.S., Inc. (N.J.S.A. 40:48-9.4) | 1,000.00 | 1,000.00 | 1,000.00 | - | - | - |



See independent accountant's compilation report and accompanying notes to financial statements.

**TOWNSHIP OF BERKELEY**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**

| | Appropriated | | Expended | | | Unexpended Balance Cancelled |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Encumbrance | Reserved | |
| **Parks and Recreation** | | | | | | |
| Recreation Services and Programs | | | | | | |
| Salaries and Wages | 433,119.00 | 433,119.00 | 313,601.49 | - | 119,517.51 | - |
| Other Expenses | 44,800.00 | 44,800.00 | 11,135.25 | 2,497.09 | 31,167.66 | - |
| Recreation Services and Programs/Golf Course | | | | | | |
| Salaries and Wages | - | 556.80 | 556.80 | - | - | - |
| Other Expenses | - | - | (1,000.00) | - | 1,000.00 | - |
| Maintenance of Parks | | | | | | |
| Salaries and Wages | 296,087.00 | 296,087.00 | 281,031.65 | - | 15,055.35 | - |
| Other Expenses | 76,550.00 | 77,550.00 | 74,156.89 | 2,126.77 | 1,266.34 | - |
| Beach and Boardwalk Operations | | | | | | |
| Salaries and Wages | 115,000.00 | 115,000.00 | 77,814.60 | - | 37,185.40 | - |
| Other Expenses | 7,000.00 | 7,000.00 | 5,209.38 | - | 1,790.62 | - |
| **Utilities and Bulk Purchases** | | | | | | |
| Utilities | | | | | | |
| Other Expenses | 800,000.00 | 800,000.00 | 635,468.68 | 29,842.14 | 134,689.18 | - |
| Street Lighting | | | | | | |
| Other Expenses | 470,000.00 | 470,000.00 | 418,627.56 | 3,664.20 | 47,708.24 | - |
| Gasoline | | | | | | |
| Other Expenses | 850,000.00 | 672,518.20 | 587,469.77 | 47,243.90 | 37,804.53 | - |
| **Landfill/Solid Waste** | | | | | | |
| Landfill/Solid Waste Disposal Costs | | | | | | |
| Other Expenses/Tipping | 1,858,000.00 | 1,858,000.00 | 1,706,308.62 | 105,300.00 | 46,391.38 | - |
| **Code Enforcement and Administration** | | | | | | |
| Other Code Enforcement Functions: | | | | | | |
| Salaries and Wages | 187,234.00 | 222,234.00 | 217,269.89 | - | 4,964.11 | - |
| Other Expenses | 4,600.00 | 4,600.00 | 894.36 | 491.14 | 3,214.50 | - |
| Total Operations within Caps | 31,841,374.90 | 31,410,249.90 | 29,610,797.25 | 456,542.01 | 1,342,910.64 | - |
| Contingent | 2,000.00 | 2,000.00 | - | - | 2,000.00 | - |
| Total Operations within Caps including Contingent | 31,843,374.90 | 31,412,249.90 | 29,610,797.25 | 456,542.01 | 1,344,910.64 | - |
| Detail: | | | | | | |
| Salaries and Wages | 16,235,934.90 | 16,324,741.70 | 15,939,925.19 | - | 384,816.51 | - |
| Other Expenses | 15,607,440.00 | 15,087,508.20 | 13,670,872.06 | 456,542.01 | 960,094.13 | - |



See independent accountant's compilation report and accompanying notes to financial statements.

**TOWNSHIP OF BERKELEY**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**

| | Appropriated | | Expended | | | Unexpended Balance Cancelled |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Encumbrance | Reserved | |
| **DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN CAPS** | | | | | | |
| **Deferred Charges** | | | | | | |
| Prior Year Bills: | | | | | | |
| Industrial Services Company - 11-13-17 | 429.67 | 429.67 | - | - | 429.67 | - |
| Medco - 2-29-17 | 227.45 | 227.45 | - | - | 227.45 | - |
| Overexpenditure | 54,721.29 | 54,721.29 | 54,721.29 | - | - | - |
| **Statutory Expenditures** | | | | | | |
| Contribution to: | | | | | | |
| Social Security System | 1,315,000.00 | 1,315,000.00 | 1,282,638.75 | - | 32,361.25 | - |
| Police and Firemen's Retirement System of NJ | 1,958,037.00 | 1,958,037.00 | 1,958,037.00 | - | - | - |
| Defined Contribution Retirement Program | 3,600.00 | 4,600.00 | 4,560.37 | - | 39.63 | - |
| Public Employee Retirement System | 1,149,731.00 | 1,149,731.00 | 1,148,831.00 | - | 900.00 | - |
| Total Deferred Charges and Statutory Expenditures within Caps | 4,481,746.41 | 4,482,746.41 | 4,448,788.41 | - | 33,958.00 | - |
| Total Appropriations within Caps | 36,325,121.31 | 35,894,996.31 | 34,059,585.66 | 456,542.01 | 1,378,868.64 | - |
| **OPERATIONS EXCLUDED FROM CAPS** | | | | | | |
| Length of Service Awards Program (N.J.A.C. 5:30-14.25) | | | | | | |
| Other Expenses | 210,000.00 | 210,000.00 | 190,714.00 | - | 19,286.00 | - |
| Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc)) | | | | | | |
| Salaries and Wages | 195,316.00 | 195,316.00 | 187,682.82 | - | 7,633.18 | - |
| Other Expenses | 60,000.00 | 60,000.00 | 49,978.60 | 9,196.68 | 824.72 | - |
| Recycling Enhancement Act (P.L. 2007 c.311) | | | | | | |
| Other Expenses | 82,078.44 | 82,078.44 | 72,459.02 | 8,488.93 | 1,130.49 | - |
| **Interlocal Municipal Service Agreements** | | | | | | |
| Central Regional Board of Education - Fuel | | | | | | |
| Other Expenses | 100,000.00 | 100,000.00 | 100,000.00 | - | - | - |
| Ocean County Social Services - Relocation Expenses | | | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | - | - | 1,000.00 | - |
| Fire Protection - South Toms River | | | | | | |
| Other Expenses | 26,500.00 | 26,500.00 | 20,500.00 | 6,000.00 | - | - |
| Ocean County - Animal Control | | | | | | |
| Other Expenses | 15,000.00 | 15,000.00 | 5,908.00 | 692.00 | 8,400.00 | - |
| Animal Control - Pine Beach, South Seaside Park, Ocean Gate | | | | | | |
| Salaries and Wages | 11,898.33 | 11,898.33 | 11,898.33 | - | - | - |
| Berkeley Board of Education - Fuel | | | | | | |
| Other Expenses | 60,000.00 | 60,000.00 | 60,000.00 | - | - | - |



See independent accountant's compilation report and accompanying notes to financial statements.

**TOWNSHIP OF BERKELEY**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**

| | Appropriated | | Expended | | | Unexpended Balance Cancelled |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Encumbrance | Reserved | |
| Ocean Gate Borough - Financial Services | | | | | | |
| Salaries and Wages | 30,000.00 | 30,000.00 | 30,000.00 | - | - | - |
| Other Expenses | 25,000.00 | 25,000.00 | 25,000.00 | - | - | - |
| Central Regional Board of Education - Recreation | | | | | | |
| Other Expenses | 17,500.00 | 35,000.00 | 35,000.00 | - | - | - |
| Central Regional Board of Education - Trash Removal | | | | | | |
| Other Expenses | 42,000.00 | 42,000.00 | 42,000.00 | - | - | - |
| Community Service Officer Program (Ambulance) | | | | | | |
| Salaries and Wages | 550,000.00 | 550,000.00 | 535,978.18 | - | 14,021.82 | - |
| Other Expenses | 150,000.00 | 150,000.00 | 72,191.30 | 60,711.81 | 17,096.89 | - |
| Ocean Gate Borough - Fuel | | | | | | |
| Other Expenses | 20,000.00 | 20,000.00 | 20,000.00 | - | - | - |
| Ocean Gate Borough - Code Enforcement | | | | | | |
| Other Expenses | 2,000.00 | 2,000.00 | 2,000.00 | - | - | - |
| **Public and Private Programs Offset by Revenues** | | | | | | |
| Clean Communities Grant | | | | | | |
| Salaries and Wages | - | 136,027.80 | 136,027.80 | - | - | - |
| Municipal Alliance Grant - Municipal Share | | | | | | |
| Salaries and Wages | 7,847.00 | 7,847.00 | 7,847.00 | - | - | - |
| Municipal Alliance Grant - State Share (Fiscal Year) | | | | | | |
| Salaries and Wages | 20,768.66 | 20,768.66 | 20,768.66 | - | - | - |
| Other Expenses | 10,619.34 | 10,619.34 | 10,619.34 | - | - | - |
| NJ OEM 996 Grant | - | 32,886.35 | 32,886.35 | - | - | - |
| FY 19 Municipal Aid Grant | - | 365,000.00 | 365,000.00 | - | - | - |
| 2019 Drive Sober or Get Pulled Over | - | 5,500.00 | 5,500.00 | - | - | - |
| Recycling Tonnage Grant | 82,078.44 | 82,078.44 | 82,078.44 | - | - | - |
| Body Armor Replacement Grant | 7,415.90 | 7,415.90 | 7,415.90 | - | - | - |
| Total Operations excluded from Caps | 1,727,022.11 | 2,283,936.26 | 2,129,453.74 | 85,089.42 | 69,393.10 | - |
| Detail: | | | | | | |
| Salaries and Wages | 815,829.99 | 909,959.46 | 888,304.46 | - | 21,655.00 | - |
| Other Expenses | 911,192.12 | 1,373,976.80 | 1,241,149.28 | 85,089.42 | 47,738.10 | - |
| **CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS** | | | | | | |
| Capital Improvement Fund | 350,000.00 | 350,000.00 | 350,000.00 | - | - | - |
| Total Capital Improvements excluded from Caps | 350,000.00 | 350,000.00 | 350,000.00 | - | - | - |



See independent accountant's compilation report and accompanying notes to financial statements.

**TOWNSHIP OF BERKELEY**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2019**

| | Appropriated | | Expended | | | Unexpended Balance Cancelled |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Encumbrance | Reserved | |
| **MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS** | | | | | | |
| Payment of Bond Principal | 4,465,000.00 | 4,465,000.00 | 4,465,000.00 | - | - | - |
| Interest on Bonds | 1,019,592.50 | 1,432,217.50 | 1,432,217.50 | - | - | - |
| Interest on Notes | 312,975.90 | 312,975.90 | 312,975.90 | - | - | - |
| NJEIT: | | | | | | |
| Loan Repayments for Principal and Interest | 133,424.35 | 133,424.35 | 117,233.01 | - | - | 16,191.34 |
| Total Municipal Debt Service excluded from Caps | 5,930,992.75 | 6,343,617.75 | 6,327,426.41 | - | - | 16,191.34 |
| **DEFERRED CHARGES EXCLUDED FROM CAPS** | | | | | | |
| Special Emergency Authorizations - From 2014 | 48,405.36 | 48,405.36 | 48,405.36 | - | - | - |
| Special Emergency Authorizations - From 2015 | 13,381.25 | 13,381.25 | 13,381.25 | - | - | - |
| Special Emergency Authorizations - From 2016 | 52,144.03 | 52,144.03 | 52,144.03 | - | - | - |
| CDL Loan Payback | 300,000.00 | 300,000.00 | - | - | 300,000.00 | - |
| Total Deferred Charges excluded from Caps | 413,930.64 | 413,930.64 | 113,930.64 | - | 300,000.00 | - |
| Total General Appropriations excluded from Caps | 8,421,945.50 | 9,391,484.65 | 8,920,810.79 | 85,089.42 | 369,393.10 | 16,191.34 |
| Subtotal General Appropriations | 44,747,066.81 | 45,286,480.96 | 42,980,396.45 | 541,631.43 | 1,748,261.74 | 16,191.34 |
| Reserve for Uncollected Taxes | 2,281,477.55 | 2,281,477.55 | 2,281,477.55 | - | - | - |
| Total General Appropriations | $ 47,028,544.36 | $ 47,567,958.51 | $ 45,261,874.00 | $ 541,631.43 | $ 1,748,261.74 | $ 16,191.34 |
| Adopted Budget | | $ 47,028,544.36 | | | | |
| Appropriations added by 40A:4-87 | | 539,414.15 | | | | |
| | | $ 47,567,958.51 | | | | |
| Reserve for: | | | | | | |
| Uncollected Taxes | | | $ 2,281,477.55 | | | |
| Disbursements | | | 42,143,601.03 | | | |
| Special Emergency Authorizations | | | 113,930.64 | | | |
| Deferred Charges Raised - Overexpenditure | | | 54,721.29 | | | |
| Interfunds: | | | | | | |
| Grant Fund | | | 668,143.49 | | | |
| | | | $ 45,261,874.00 | | | |



See independent accountant's compilation report and accompanying notes to financial statements.

Exhibit B

# TOWNSHIP OF BERKELEY
## OTHER TRUST FUND
## STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
## DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **Assets** | | |
| **Animal Control Trust Fund** | | |
| Cash | $ 22,126.46 | $ 7,762.57 |
| **Other Trust Fund** | | |
| Cash | 5,273,284.27 | 6,269,707.77 |
| Due From Berkeley BOE | 45,337.50 | - |
| Due From Payroll Special Trust | 414,212.74 | - |
| Due From Current Fund | 14,304.14 | - |
| | 5,747,138.65 | 6,269,707.77 |
| Length of Service Awards Program Fund (LOSAP) | | |
| Funds Held by Trustee | 2,179,740.60 | 1,983,809.02 |
| | $ 7,949,005.71 | $ 8,261,279.36 |
| **Liabilities and Reserves** | | |
| **Animal Control Trust Fund** | | |
| Reserve for Animal Control Trust Fund | $ 22,117.46 | $ 7,186.57 |
| Due to State of New Jersey | 9.00 | 576.00 |
| | 22,126.46 | 7,762.57 |
| **Other Trust Fund** | | |
| Interfund | | |
| Current Fund | - | 146,726.68 |
| General Capital | - | 27,500.00 |
| Payroll Fund | 259,705.47 | 287,389.90 |
| Due to State of New Jersey | 15,610.00 | 15,133.61 |
| Reserve for: | | |
| Miscellaneous Reserves | 4,898,495.84 | 5,061,316.03 |
| Open Space | 573,327.34 | 731,641.55 |
| | 5,747,138.65 | 6,269,707.77 |
| Length of Service Awards Program Fund (LOSAP) | | |
| Funds Held by Trustee | 2,179,740.60 | 1,983,809.02 |
| | $ 7,949,005.71 | $ 8,261,279.36 |

See independent accountant's compilation report and accompanying notes to financial statements.

Exhibit C

# TOWNSHIP OF BERKELEY
# GENERAL CAPITAL FUND
# STATEMENT OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS
# DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **Assets** | | |
| Cash | $ 6,768,746.02 | $ 7,694,343.20 |
| Deferred Charges to Future Taxation: | | |
| Funded | 40,013,162.99 | 44,756,216.41 |
| Unfunded | 17,458,256.00 | 10,955,031.00 |
| Interfunds: | | |
| Current Fund | - | 382,793.34 |
| Other Trust Fund | - | 27,500.00 |
| Grants Receivable | 189,638.82 | 189,638.82 |
| | $ 64,429,803.83 | $ 64,005,522.77 |
| **Liabilities, Reserves and Fund Balance** | | |
| Capital Improvement Fund | $ 53,240.97 | $ 45,515.97 |
| Reserve for Debt Service | 242,862.72 | 420,891.87 |
| Improvement Authorizations: | | |
| Funded | 863,669.88 | 1,952,750.95 |
| Unfunded | 2,295,138.98 | 2,677,952.34 |
| Reserve for Encumbrances | 3,929,493.45 | 3,622,430.39 |
| Bond Anticipation Notes | 16,935,000.00 | 10,432,530.00 |
| Environmental Infrastructure Trust Fund Loans | 1,102,878.01 | 1,293,670.07 |
| Serial Bonds | 38,204,000.00 | 42,669,000.00 |
| Green Trust Loan Payable | 706,284.98 | 793,546.34 |
| Fund Balance | 97,234.84 | 97,234.84 |
| | $ 64,429,803.83 | $ 64,005,522.77 |

There were bonds and notes authorized but not issued on December 31, 2019 and 2018 of $523,256.00 and $522,501.00, respectively.

See independent accountant's compilation report and accompanying notes to financial statements.

**Exhibit C-1**

# TOWNSHIP OF BERKELEY
# GENERAL CAPITAL FUND
# STATEMENT OF FUND BALANCE - REGULATORY BASIS
# FOR THE YEAR ENDED DECEMBER 31, 2019

| | | |
|---|---|---|
| Balance December 31, 2019 & 2018 | $ | 97,234.84 |

See independent accountant's compilation report and accompanying notes to financial statements.

Exhibit G

# TOWNSHIP OF BERKELEY
# PAYROLL FUND
# STATEMENT OF ASSETS AND LIABILITIES
# REGULATORY BASIS
# DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| **Assets** | | |
| Cash | $ 308,498.76 | $ 404,096.89 |
| Interfund Receivable - Trust | 259,705.47 | 287,389.90 |
| | $ 568,204.23 | $ 691,486.79 |
| **Liabilities** | | |
| Interfund Payable - Current Fund | $ - | $ 508,952.66 |
| Interfund Payable - Special Trust | 414,212.74 | - |
| Payroll Deductions Payable | 153,991.49 | 182,534.13 |
| | $ 568,204.23 | $ 691,486.79 |

See independent accountant's compilation report and accompanying notes to financial statements.

**Exhibit H**

# TOWNSHIP OF BERKELEY
# GENERAL FIXED ASSETS ACCOUNT GROUP
# STATEMENT OF ASSETS AND LIABILITIES
# REGULATORY BASIS
# DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|---|---|---|
| General Fixed Assets: | | |
| Land | $ 7,747,516.11 | $ 7,747,516.11 |
| Buildings and Improvements | 7,625,923.00 | 7,625,923.00 |
| Machinery and Equipment | 31,791,524.32 | 31,791,524.32 |
| | $ 47,164,963.43 | $ 47,164,963.43 |
| Investment in General Fixed Assets | $ 47,164,963.43 | $ 47,164,963.43 |

See independent accountant's compilation report and accompanying notes to financial statements.

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**TOWNSHIP OF BERKELEY**
**COUNTY OF OCEAN**

# NOTES TO FINANCIAL STATEMENTS
# FOR THE YEAR ENDED DECEMBER 31, 2019

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## Note 1. Summary of Significant Accounting Policies

### Description of Financial Reporting Entity

The Township of Berkeley, County of Ocean, New Jersey (hereafter referred to as the "Township"), include every board, body, office or commission supported by 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 operation of the Board of Education, first aid organizations, or volunteer fire companies which are subjected to separate audits.

**Component Units -** GASB Statement 14, as amended by GASB Statements 39, 61, 80 and 90, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, 80 and 90.

**Basis of Accounting, Measurement Focus and Basis of Presentation** - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

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

**Trust Funds –** These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund –** This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**Payroll Fund** – This fund accounts for receipts and disbursements for payroll costs and payroll taxes.

**Note 1. Summary of Significant Accounting Policies (continued)**

**Budgets and Budgetary Accounting** - The Township must adopt an annual budget for its Current] Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Cash, Cash Equivalents and Investments** - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost with the exception of LOSAP investments which are reported at fair value. Therefore unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

*N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Note 1. Summary of Significant Accounting Policies (continued)**

**Inventories and Supplies** - The cost 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 statements of assets, liabilities, reserves and fund balance.

**General Fixed Assets** – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of $5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**Foreclosed Property** – Foreclosed Property or “Property Acquired for Taxes” is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

**Deferred Charges** – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Fund Balance** – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year’s budgets, with certain restrictions.

**Note 1. Summary of Significant Accounting Policies (continued)**

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

**Property Tax Revenues** – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Ocean, and Berkeley Township School District Central Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Berkeley Township School District and Central Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

**Reserve for Uncollected Taxes** – The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**Expenditures** – are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**Note 1. Summary of Significant Accounting Policies (continued)**

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

**Long-Term Debt** - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Compensated Absences** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management does not expect this Statement to have a material impact to the Municipality's financial statements.

**Note 2. Deposits and Investments**

The Township is governed by the deposit and investment limitations of New Jersey state law.

**Deposits**

**Custodial Credit Risk Related to Deposits -** Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first $250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

See independent accountant's compilation report.

**Note 2. Deposits and Investments (continued)**

As of December 31, 2019, the Township's bank balance of $22,314,612.40 was insured or collateralized as follows:

| | |
|---|---|
| Insured under FDIC and GUDPA | $ 16,414,705.37 |
| Uninsured and Uncollateralized | 5,899,907.03 |
| | $ 22,314,612.40 |

**Investments**

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by generally accepted accounting principles. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

Under regulatory basis of accounting, investments are measured at cost in the Township's financial statements. However, had the financial statements been prepared in accordance with GAAP, the Township's fair value, hierarchy level and maturities of its investments at December 31, 2019 would be as followed:

| | Carrying | Fair Value as of December 31, 2019 | | |
|---|---|---|---|---|
| | Value | Level 1 | Level 3 | Total |
| Investment type | | | | |
| Money Markets | $ 223,882.53 | $ 223,882.53 | $ - | $ 223,882.53 |
| Mutual Funds | 1,247,638.24 | 1,247,638.24 | - | 1,247,638.24 |
| Fixed Account Investment Contract | 708,219.83 | - | 708,219.83 | 708,219.83 |
| | $ 2,179,740.60 | $ 1,471,520.77 | $ 708,219.83 | $ 2,179,740.60 |
| Fund | | | | |
| Trust Fund - LOSAP | $ 2,179,740.60 | $ 1,471,520.77 | $ 708,219.83 | $ 2,179,740.60 |
| | $ 2,179,740.60 | $ 1,471,520.77 | $ 708,219.83 | $ 2,179,740.60 |

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township has no investment policy to limit exposure to custodial credit risk.

**Note 2. Deposits and Investments (continued)**

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Township's investment policies place no limit in the amount the Township may invest in any one issuer. More than 5% of the Township's investments are in Mutual Funds and Fixed Account Investments. These investments represent 100% of the Township's total investments.

**Note 3. Property Taxes**

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

**Comparison Schedule of Tax Rates**

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Tax Rate | $ 2.167 | $ 2.160 | $ 2.080 |
| Apportionment of Tax Rate: | | | |
| Municipal | 0.646 | 0.646 | 0.618 |
| Municipal Open Space | 0.010 | 0.010 | 0.010 |
| County | 0.445 | 0.437 | 0.429 |
| Local School | 0.600 | 0.601 | 0.587 |
| Regional School | 0.466 | 0.466 | 0.436 |

**Assessed Valuation**

| Year | Amount |
|---|---|
| 2019 | $ 5,175,652,820.00 |
| 2018 | 5,136,193,690.00 |
| 2017 | 5,107,714,648.00 |

**Comparison of Tax Levies and Collections**

| Year | Tax Levy | Cash Collections | Percentage Of Collection |
|---|---|---|---|
| 2019 | $ 113,303,764.22 | $ 111,932,339.81 | 98.78% |
| 2018 | 111,672,917.87 | 109,861,705.35 | 98.37% |
| 2017 | 106,734,982.15 | 105,315,779.03 | 98.67% |

See independent accountant's compilation report.

**Note 3. Property Taxes (continued)**

**Delinquent Taxes and Tax Title Liens**

| Year | Tax Title Liens | Delinquent Taxes | Total Delinquent | Percentage Of Tax Levy |
|---|---|---|---|---|
| 2019 | $ 400,046.24 | $ 958,122.41 | $ 1,358,168.65 | 1.20% |
| 2018 | 1,114,415.98 | 1,404,460.92 | 2,518,876.90 | 2.26% |
| 2017 | 1,091,188.14 | 1,030,938.02 | 2,122,126.16 | 1.99% |

**Number of Tax Title Liens**

| Year | Number |
|---|---|
| 2019 | 276 |
| 2018 | 0 |
| 2017 | 0 |

**Note 4. Property Acquired By Tax Title Lien Liquidation**

The value of properties acquired by liquidation of tax title liens based on the last assessed valuation of such properties as of December 31, was as follows:

| Year | Amount |
|---|---|
| 2019 | $ 6,179,600.00 |
| 2018 | 6,179,600.00 |
| 2017 | 6,179,600.00 |

**Note 5. Fund Balances Appropriated**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

| Year | Balance December 31, | Utilized in Budget of Succeeding Year | Percentage of Fund Balance Used |
|---|---|---|---|
| 2019 | $ 5,901,813.76 | N/A | N/A |
| 2018 | 6,088,254.74 | 2,710,000.00 | 44.51% |
| 2017 | 5,801,222.77 | 2,645,000.00 | 45.59% |

See independent accountant's compilation report.

**Note 6. Disaggregated Receivable and Payable Balances**

There are no significant components of receivable and payable balances reported in the financial statements.

**Note 7. Interfund Receivables and Payables**

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2019:

| Fund | Interfund Receivable | Interfund Payable |
|---|---|---|
| Current Fund | $1,467,477.07 | $ 14,304.14 |
| State and Federal Grant Fund | - | 1,467,477.07 |
| Trust Other Fund | 428,516.88 | 259,705.47 |
| Payroll Fund | 259,705.47 | 414,212.74 |
| | $ 2,155,699.42 | $ 2,155,699.42 |

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

**Note 8. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2019.

| | Balance December 31, 2018 | Additions | Deletions | Balance December 31, 2019 |
|---|---|---|---|---|
| Land | $ 7,747,516.11 | $ - | $ - | $ 7,747,516.11 |
| Buildings and Improvements | 7,625,923.00 | - | - | 7,625,923.00 |
| Machinery & Equipment | 31,791,524.32 | - | - | 31,791,524.32 |
| | $ 47,164,963.43 | $ - | $ - | $ 47,164,963.43 |

See independent accountant's compilation report.

## Note 9. Municipal Debt

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| **Issued:** | | | |
| General: | | | |
| Bonds, Notes and Loans | $ 56,948,162.99 | $ 55,188,746.41 | $ 49,707,601.15 |
| Total Debt Issued | 56,948,162.99 | 55,188,746.41 | 49,707,601.15 |
| **Authorized but not issued:** | | | |
| General: | | | |
| Bonds, Notes and Loans | 523,256.00 | 522,501.00 | 2,386,644.00 |
| Total Authorized But Not Issued | 523,256.00 | 522,501.00 | 2,386,644.00 |
| **Total Gross Debt** | $ 57,471,418.99 | $ 55,711,247.41 | $ 52,094,245.15 |
| **Deductions:** | | | |
| General: | | | |
| Funds on Hand For Payment of Bonds and Notes: | | | |
| Reserve for Debt Service | $ 242,862.72 | $ 420,891.87 | $ 169,989.61 |
| Open Space Trust (N.J.S.A. 40A:244(h)) | 573,327.34 | 731,641.55 | 738,072.48 |
| Total Deductions | 816,190.06 | 1,152,533.42 | 908,062.09 |
| **Total Net Debt** | $ 56,655,228.93 | $ 54,558,713.99 | $ 51,186,183.06 |

| | Gross Debt | Deductions | Net Debt |
|---|---|---|---|
| Regional School Debt | $ 454,963.20 | $ 454,963.20 | $ - |
| General Debt | 57,471,418.99 | 816,190.06 | 56,655,228.93 |
| | $ 57,926,382.19 | $ 1,271,153.26 | $ 56,655,228.93 |

See independent accountant's compilation report.

**Note 9. Municipal Debt (continued)**

Summary of Statutory Debt Condition - Annual Debt Statement (continued)

Net Debt $56,655,228.93 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, $5,590,815,878.00, equals 1.013%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2019 is calculated as follows:

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

| | |
|---|---|
| 3 1/2% of Equalized Valuation Basis (Municipal) | $ 195,678,555.73 |
| Net Debt | 56,655,228.93 |
| Remaining Borrowing Power | $ 139,023,326.80 |

**General Debt**

**General Capital Fund**

| | | |
|---|---|---|
| $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% | $ | 4,795,000.00 |
| $9,950,000 2012 Bonds due in annual installments ranging from $525,000 to $1,050,000 through 2023 at interest rates ranging from 2.125% to 3.00% | | 4,200,000.00 |
| $3,085,000 2015 Refunding Bonds due in annual installments ranging from $45,000 to $720,000 through 2020 at an interest rate of 2% | | 720,000.00 |
| $11,409,000 2016 Bonds due in annual installments ranging from $575,000 to $1,150,000 through 2028 at an interest rates ranging from 2.00% to 3.00% | | 9,684,000.00 |
| $19,955,000 2018 Bonds due in annual installments ranging from $1,115,000 to $12,300,000 through 2029 at an interest rates ranging from 3.00% to 5.00% | | 18,805,000.00 |
| | $ | 38,204,000.00 |

See independent accountant's compilation report.

**Note 9. Municipal Debt (continued)**

**General Debt (continued)**

A summary of the maturities for each of the subsequent five years and then each five year period thereafter is as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 4,525,000.00 | $ 1,346,480.00 | $ 5,871,480.00 |
| 2021 | 4,395,000.00 | 1,204,830.00 | 5,599,830.00 |
| 2022 | 4,510,000.00 | 1,050,230.00 | 5,560,230.00 |
| 2023 | 4,630,000.00 | 887,880.00 | 5,517,880.00 |
| 2024 | 4,045,000.00 | 709,780.00 | 4,754,780.00 |
| 2025-2029 | 16,099,000.00 | 1,517,920.00 | 17,616,920.00 |
| | $ 38,204,000.00 | $ 6,717,120.00 | $ 44,921,120.00 |

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2019:

| Description | Date of Issue | Date of Maturity | Rate | Balance December 31, 2019 |
|---|---|---|---|---|
| Series 2019 A | 05/16/19 | 05/15/20 | 3.000% | $ 16,935,000.00 |
| | | | | $ 16,935,000.00 |

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2019, the Township had $523,256.00 in various General Capital bonds and notes authorized but not issued.

**Note 9. Municipal Debt (continued)**

**D. Loans Payable**

New Jersey Environmental Infrastructure Trust

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.

A summary of the maturities for each of the subsequent five years and then each five year period thereafter is as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 196,823.65 | $ 18,080.00 | $ 214,903.65 |
| 2021 | 183,109.71 | 14,730.00 | 197,839.71 |
| 2022 | 121,516.60 | 11,126.25 | 132,642.85 |
| 2023 | 119,687.17 | 9,653.75 | 129,340.92 |
| 2024 | 132,279.31 | 8,200.00 | 140,479.31 |
| 2025-2029 | 418,971.56 | 16,920.00 | 435,891.56 |
| Deobligated | (69,509.99) | - | (69,509.99) |
| | $ 1,102,878.01 | $ 78,710.00 | $ 1,181,588.01 |

See independent accountant's compilation report.

**Note 9. Municipal Debt (continued)**

Green Trust Loans

During 2001, the Township entered into a loan agreement funded by the Green Trust in the amount of $409,630.28 for Veterans' Park Driving Range. The loan bears an interest rate of 2.00% and matures in April 2021.

During 2008, the Township entered into a loan agreement funded by the Green Trust in the amount of $500,000.00 for Veterans' Park Driving Range. The loan bears an interest rate of 2.00% and matures in March 2027.

During 2008, the Township entered into a loan agreement funded by the Green Trust in the amount of $289,202.77 for Toms River Park Phase II. The loan bears an interest rate of 2.00% and matures in February 2028.

During 2018 the Township entered into a loan agreement funded by the Green Trust in the amount of $309,753.80 for Manitou Park. The loan bears an interest rate of 2.00% and matures in May 2038.

A summary of the maturities for each of the subsequent five years and then each five year period thereafter is as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 92,446.27 | $ 12,676.78 | $ 105,123.05 |
| 2021 | 76,691.71 | 11,585.53 | 88,277.24 |
| 2022 | 62,000.93 | 9,430.15 | 71,431.08 |
| 2023 | 62,620.94 | 8,810.13 | 71,431.07 |
| 2024 | 63,247.50 | 8,183.92 | 71,431.42 |
| 2025-2029 | 234,321.83 | 16,299.05 | 250,620.88 |
| 2030-2034 | 62,841.49 | 2,217.69 | 65,059.18 |
| 2035-2038 | 52,114.31 | 22,300.68 | 74,414.99 |
| | $ 706,284.98 | $ 91,503.93 | $ 797,788.91 |

See independent accountant's compilation report.

**Note 9. Municipal Debt (continued)**

**Summary of Principal Debt**

A summary of the changes in long-term and short term debt of the Township is as follows:

| | Balance December 31, 2018 | Accrued/ Increases | Retired/ Decreases | Balance December 31, 2019 | Balance Due Within One Year |
|---|---|---|---|---|---|
| General Capital: | | | | | |
| General Bonds | $ 42,669,000.00 | $ - | $ 4,465,000.00 | $ 38,204,000.00 | $ 4,525,000.00 |
| Bond Anticipation Notes | 10,432,530.00 | 16,935,000.00 | 10,432,530.00 | 16,935,000.00 | 16,935,000.00 |
| Green Trust Loan | 793,546.34 | - | 87,261.36 | 706,284.98 | 92,446.27 |
| NJEIT Loans | 1,293,670.07 | - | 190,792.06 | 1,102,878.01 | 196,823.65 |
| Authorized But Not Issued | 522,501.00 | 6,503,755.00 | 6,503,000.00 | 523,256.00 | - |
| | $ 55,711,247.41 | $ 23,438,755.00 | $ 21,678,583.42 | $ 57,471,418.99 | $ 21,749,269.92 |

**Note 10. Deferred Charges to be Raised in Succeeding Budgets**

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2019 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

| Description | Balance December 31, 2019 | 2020 Budget Appropriation | Balance to Succeeding Budgets |
|---|---|---|---|
| **Current Fund:** | | | |
| Special Emergency Authorizations (40A:4-55) | | | |
| 2015 Contractually Required Liabilities | $ 13,381.24 | $ 13,381.24 | $ - |
| 2016 Contractually Required Liabilities | 104,288.06 | 52,144.03 | 52,144.03 |

See independent accountant's compilation report.

**Note 11. Deferred School Taxes**

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

| | Balance, December 31, | |
|---|---|---|
| Local Taxes | 2019 | 2018 |
| Total Balance of Local Tax | $ 14,683,636.01 | $ 14,637,921.01 |
| Deferred Taxes | 14,683,536.01 | 14,637,821.01 |
| Local Tax Payable | $ 100.00 | $ 100.00 |

| | Balance, December 31, | |
|---|---|---|
| Regional Tax | 2019 | 2018 |
| Total Balance of Regional Tax | $ 11,827,277.18 | $ 11,726,048.59 |
| Deferred Taxes | 11,827,277.18 | 11,726,048.59 |
| Regional Tax Payable | $ - | $ - |

**Note 12. Accrued Sick, Vacation and Compensation Time**

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, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at $2,756,824.58 at December 31, 2019.

**Note 13. Service Contract – Utility Authorities**

The Township adopted an ordinance on April 19, 1961 providing a service contract between the Township and the Berkeley Township Sewerage Authority and also adopted an ordinance on February 16, 1988 providing a service contract between the Township and the Berkeley Township Utilities Authority. The contracts, among other things, obligates the Township to pay to the Authorities such sums of money as may be necessary to provide for deficits which result from failure of the Authorities to provide adequate revenues from their operations.

See independent accountant's compilation report.

## Note 14. FEMA Community Disaster Loan

On May 21, 2013, the Township submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of $5,000,000 in relation to Super Storm Sandy losses and expenditures. The Township drew down $5,000,000 of the total amount in October 2013 and recognized this as revenue in the Current Fund in the year ended December 31, 2013.

The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note is executed, in this case May 30, 2013. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed.

The Township previously applied and was approved for a partial cancellation of this loan in the amount of $3,755,497.97 plus the related accrued interest based on calculation provided by FEMA representatives. The outstanding balance including accrued interest at December 31, 2019 totaled $1,321,925.36.

## Note 15. Contingent Liabilities

**Pending Litigation**

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.

Residents of South Seaside Park have filed a petition with the Township's Planning Board to begin the de-annexation process from the Township of Berkeley. The matter is being heard before the Township's Planning Board and, as of the date of this report, hearings are ongoing and no determination has been made.

## Note 16. Subsequent Events

The Township has evaluated subsequent events through April 22, 2020, the date the financial statements were available to be issued.

In December 2019, an outbreak of a new strain of coronavirus, COVID-19, emerged in Wuhan, China. Within weeks, the number of those infected grew significantly, and beyond China's borders. As of the date of this report, the coronavirus is reported to have spread globally and is still evolving while its effects remain unknown. The Municipality is unable to predict how changing global economic conditions such as the COVID-19 coronavirus will affect the Municipality's operations.

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**AUDITED FINANCIAL STATEMENTS OF THE TOWNSHIP**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

# TOWNSHIP OF BERKELEY
# COUNTY OF OCEAN

# AUDIT REPORT FOR THE YEAR
# ENDED DECEMBER 31, 2018

**TOWNSHIP OF BERKELEY**
**COUNTY OF OCEAN**

# PART I

# INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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HFA
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# INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Committee
Township of Berkeley
County of Ocean
Bayville, New Jersey 08721

## Report on the Financial Statements

We have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds and account group of the Township of Berkeley, County of Ocean as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis and the statement of fund balance – regulatory basis for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

**Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

As described in Note 1, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on Accounting Principles Generally Accepted in the United States of America**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

**Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township, as of December 31, 2018 and 2017, and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the statement of revenues - regulatory basis, statement of expenditures - regulatory basis and statement of fund balance – regulatory basis of the various funds, and general fixed assets group of accounts – regulatory basis, for the year ended December 31, 2018 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

**Emphasis of Matter**

***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, during the fiscal year ended December 31, 2018 the Township adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions - an Amendment of GASB Statement No. 45, 57, and 74*. Our opinion is not modified with respect to this matter.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated August 12, 2019 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

Jerry W. Conaty
Certified Public Accountant
Registered Municipal Accountant
RMA No. 581

Toms River, New Jersey
August 12, 2019

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# BASIC FINANCIAL STATEMENTS

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**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN** **Exhibit A**
**CURRENT FUND** **Sheet 1 of 2**
**STATEMENTS OF ASSETS, LIABILITIES, RESERVES**
**AND FUND BALANCE - REGULATORY BASIS**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

| | 2018 | 2017 |
|---|---|---|
| **Assets** | | |
| Cash | $ 8,816,038.83 | $ 9,689,060.66 |
| Cash - Change Fund | 1,600.00 | 3,600.00 |
| | 8,817,638.83 | 9,692,660.66 |
| Federal Emergency Management Receivable | 690,661.49 | 690,661.49 |
| | 9,508,300.32 | 10,383,322.15 |
| Receivables and Other Assets with Full Reserves: | | |
| Delinquent Property Taxes Receivable | 1,404,460.92 | 1,030,938.02 |
| Tax Title Liens Receivable | 1,114,415.98 | 1,091,188.14 |
| Property Acquired for Taxes | 6,179,600.00 | 6,179,600.00 |
| Revenue Accounts Receivable | 10,331.00 | 9,205.24 |
| Due From Municipal Utility Authority | 9,567.37 | 6,227.30 |
| Trailer Fees Receivable | 890.00 | 890.00 |
| Debris Receivable | 4,744.94 | 4,744.94 |
| Interfunds: | | |
| Trust Other Fund | 146,726.68 | 162,740.97 |
| Payroll | 508,952.66 | 243,162.45 |
| Grant Fund | 502,238.80 | 395,602.05 |
| | 9,881,928.35 | 9,124,299.11 |
| Deferred Charges: | | |
| Budget Overexpenditures | 54,721.29 | |
| FEMA Community Disaster Loan (Memo) | 1,309,488.91 | 5,211,095.89 |
| Special Emergency Authorizations (40A:4-55) | 231,599.94 | 434,920.29 |
| | 1,595,810.14 | 5,646,016.18 |
| | 20,986,038.81 | 25,153,637.44 |
| **Grant Fund** | | |
| Grants Receivable | 2,505,831.24 | 1,854,464.57 |
| | 2,505,831.24 | 1,854,464.57 |
| | $ 23,491,870.05 | $ 27,008,102.01 |

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**CURRENT FUND**
**STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND FUND BALANCE - REGULATORY BASIS**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

| | 2018 | 2017 |
|---|---|---|
| **Liabilities, Reserves and Fund Balance** | | |
| Appropriation Reserves | $ 992,881.29 | $ 537,592.56 |
| Reserve for Encumbrances | 432,479.65 | 465,646.36 |
| Prepaid Taxes | 1,582,500.11 | 3,725,787.94 |
| Sales Tax Payable | | 1,230.40 |
| Reserve for Garden State Trust Fund | 42,590.00 | 42,590.00 |
| Reserve for Police Found Money | 1,816.28 | 1,816.28 |
| Accounts Payable | 1,339.01 | 3,379.42 |
| County Taxes Payable | 148,184.15 | 101,855.11 |
| Tax Overpayments | 7,188.40 | 4,899.65 |
| Reserve for Contractually Required Severance | 34,000.31 | 34,000.31 |
| Local District School Taxes Payable | 100.00 | |
| Reserve for Storm Damage | 15,837.16 | 54,976.46 |
| State of New Jersey (P.L. 1971, Ch. 20) | 64,657.11 | 42,317.18 |
| FEMA Community Disaster Loan (Memo) | 1,309,488.91 | 5,211,095.89 |
| Interfunds: | | |
| General Capital Fund | 382,793.34 | 928.00 |
| | 5,015,855.72 | 10,228,115.56 |
| Reserve for Receivables and Other Assets | 9,881,928.35 | 9,124,299.11 |
| Fund Balance | 6,088,254.74 | 5,801,222.77 |
| | 20,986,038.81 | 25,153,637.44 |
| **Grant Fund** | | |
| Interfund - Current Fund | 502,238.80 | 395,602.05 |
| Reserve for Encumbrances | 488,864.64 | 84,598.18 |
| Appropriated Reserves | 1,452,434.57 | 1,374,264.34 |
| Unappropriated Reserves | 62,293.23 | - |
| | 2,505,831.24 | 1,854,464.57 |
| | $ 23,491,870.05 | $ 27,008,102.01 |

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN** **Exhibit A-1**
**CURRENT FUND** **Sheet 1 of 2**
**STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

| | Year 2018 | Year 2017 |
|---|---|---|
| **Revenue and Other Income Realized** | | |
| Fund Balance Utilized | $ 2,645,000.00 | $ 2,032,750.00 |
| Miscellaneous Revenue Anticipated | 9,749,929.73 | 10,797,233.59 |
| Receipts from Delinquent Taxes | 1,195,239.99 | 2,273,587.85 |
| Receipts from Current Taxes | 109,861,705.44 | 105,315,779.03 |
| Non-Budget Revenues | 139,906.15 | 910,352.36 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Reserves | 389,698.55 | 1,348,502.19 |
| Expired Tax Sale Premiums | - | 19,700.00 |
| Prior Year Cancelled Checks | 3,379.42 | 3,559.95 |
| Grant Fund Cancellation of Balances | - | 318,576.51 |
| Total Income | 123,984,859.28 | 123,020,041.48 |
| **Expenditures** | | |
| Budget Appropriations within Caps: | | |
| Operations: | | |
| Salaries and Wages | 15,601,517.70 | 15,273,052.11 |
| Other Expenses | 15,701,174.73 | 14,881,917.51 |
| Deferred Charges and Statutory Expenditures | 4,124,638.91 | 3,924,842.67 |
| Budget Appropriations excluded from Caps: | | |
| Operations: | | |
| Salaries and Wages | 832,291.58 | 803,413.99 |
| Other Expenses | 1,500,302.18 | 2,347,704.12 |
| Capital Improvements | 800,000.00 | 509,211.00 |
| Municipal Debt Service | 4,985,038.74 | 4,507,873.75 |
| Deferred Charges | 203,320.35 | 1,454,659.47 |
| | 43,748,284.19 | 43,702,674.62 |
| Prior Year Senior Citizen Deductions Disallowed | 70,616.24 | 60,315.07 |
| Prior Year Tax Appeals | 168,587.60 | 108,274.72 |
| Local District School Taxes | 30,467,867.00 | 30,008,575.00 |
| Regional School Taxes | 23,097,908.28 | 21,821,096.75 |
| County Taxes | 22,548,905.30 | 21,981,895.46 |
| Local Open Space Tax | 513,619.00 | 513,149.75 |
| Grant Fund Cancellation of Balances | 62,293.23 | 319,221.38 |
| Reserve for Miscellaneous Accounts Receivable | 3,340.07 | - |
| Interfund Loans Advanced | 391,778.65 | 465,922.67 |
| Cancellation of Prior Year Interest | - | 278.40 |
| Cancellation of FEMA Receivable | - | 340,825.72 |
| PY Adjustments | 34,349.04 | 28,067.20 |
| Total Expenditures | 121,107,548.60 | 119,350,296.74 |

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**CURRENT FUND**
**STATEMENTS OF OPERATIONS AND CHANGE IN FUND BALANCE - REGULATORY BASIS**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**



| | Year 2018 | Year 2017 |
|---|---|---|
| Excess/(Deficit) in Revenue | $ 2,877,310.68 | $ 3,669,744.74 |
| Adjustments to Income Before Fund Balance: | | |
| Expenditures Included Above Which are by Statute Deferred Charges to Budgets of Succeeding Years | 54,721.29 | - |
| Statutory Excess to Fund Balance | 2,932,031.97 | 3,669,744.74 |
| Fund Balance January 1 | 5,801,222.77 | 4,164,228.03 |
| | 8,733,254.74 | 7,833,972.77 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | 2,645,000.00 | 2,032,750.00 |
| Fund Balance December 31 | $ 6,088,254.74 | $ 5,801,222.77 |

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**CURRENT FUND**
**STATEMENT OF REVENUES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Anticipated Budget | Special N.J.S.A. 40A:4-87 | Realized | Excess or (Deficit) |
|---|---|---|---|---|
| Fund Balance Anticipated | $ 2,645,000.00 | $ - | $ 2,645,000.00 | $ - |
| | 2,645,000.00 | - | 2,645,000.00 | - |
| **Miscellaneous Revenues** | | | | |
| Licenses: | | | | |
| Alcoholic Beverages | 46,000.00 | - | 45,876.00 | (124.00) |
| Other | 4,800.00 | - | 4,336.00 | (464.00) |
| Fees and Permits | 500,000.00 | - | 532,842.09 | 32,842.09 |
| Fines and Costs: | | | | |
| Municipal Court | 165,000.00 | - | 155,019.93 | (9,980.07) |
| Interest and Costs on Taxes | 485,000.00 | - | 403,792.89 | (81,207.11) |
| Interest on Investments and Deposits | 16,900.00 | - | 97,306.14 | 80,406.14 |
| Beach Admission Fees | 112,000.00 | - | 117,604.00 | 5,604.00 |
| Municipal Golf Course | 154,000.00 | - | 199,172.49 | 45,172.49 |
| Water and Cable Franchise Fees | 256,949.79 | - | 256,949.79 | - |
| Hotel and Motel Occupancy Tax | 27,000.00 | - | 26,826.68 | (173.32) |
| State Aid: | | | | |
| Energy Receipts Tax | 4,213,875.00 | - | 4,213,875.00 | - |
| Garden State Trust Fund | 42,590.00 | - | 42,590.00 | - |
| Special Items of Revenue: | | | | |
| Interlocal Services Agreements: | | | | |
| Animal Control Services | 11,898.33 | - | 18,453.53 | 6,555.20 |
| Ocean Gate Borough - Finance Services | 45,833.33 | - | 45,833.26 | (0.07) |
| Berkeley Board of Education - Fuel Facilities | 60,000.00 | - | 116,865.74 | 56,865.74 |
| Fire Protection | 26,500.00 | - | 26,500.00 | - |
| Central Regional Board of Education - Fuel Facilities | 100,000.00 | - | 172,818.85 | 72,818.85 |
| Central Regional Board Trash | 42,000.00 | - | 21,000.00 | (21,000.00) |
| Public and Private Programs: | | | | |
| Clean Communities Program | 121,496.05 | - | 121,496.05 | - |
| Municipal Alliance on Alchohol and Drug Abuse | 31,388.00 | - | 31,388.00 | - |



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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**CURRENT FUND**
**STATEMENT OF REVENUES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Anticipated Budget | Special N.J.S.A. 40A:4-87 | Realized | Excess or (Deficit) |
|---|---|---|---|---|
| Special Items of Revenue (Continued): | | | | |
| Public and Private Programs (Continued): | | | | |
| CDBG Roadway & Drainage for Jamaica Blvd | $ - | $ 34,000.00 | $ 34,000.00 | $ - |
| Cops in Crosswalk 2018 Grant | - | 35,200.00 | 35,200.00 | - |
| FY 18 Homeland Security Grant | - | 23,800.00 | 23,800.00 | - |
| FY 19 Homeland Security Grant | - | 6,364.80 | 6,364.80 | - |
| Society of Fire Protection Engineers | - | 1,000.00 | 1,000.00 | - |
| FY 17 Homeland Security Grant | - | 12,199.70 | 12,199.70 | - |
| NJDOT FY 2018 Municipal Aid Program - Fort Defrance Ave (state Hwy Project) | 340,000.00 | - | 340,000.00 | - |
| FEMA Berkeley Emergency Generator Project - Police Building | 187,328.00 | - | 187,328.00 | - |
| FEMA Berkeley Emergency Generator Project - Admin Building | 119,769.00 | - | 119,769.00 | - |
| Green Acres Grant - Veterans Park Improvements | 200,000.00 | - | 200,000.00 | - |
| Click It Or Ticket | 5,500.00 | - | 5,500.00 | - |
| Office of the Attorney General-2017 Distracted Driving Overtime Enforcement Grant | 6,600.00 | - | 6,600.00 | - |
| Other Special Items: | | | | |
| Community Services Officer Program-Ambulance Service Fees | 642,510.00 | - | 722,108.49 | 79,598.49 |
| Health Care Coverage - Employee Percentage | 700,000.00 | - | 761,033.11 | 61,033.11 |
| Capital Fund Reserve for Cash | 169,989.61 | - | 169,989.61 | - |
| Senior/Veteran Administration Fee | 29,000.00 | - | 29,000.00 | - |
| Surplus from the Berkeley Township Sewer Authority | 410,000.00 | - | 410,000.00 | - |
| Uniform Fire Safety Act | 29,744.04 | - | 35,490.58 | 5,746.54 |
| Total Miscellaneous Revenues | 9,303,671.15 | 112,564.50 | 9,749,929.73 | 333,694.08 |
| Receipts from Delinquent Taxes | 1,500,000.00 | - | 1,195,239.99 | (304,760.01) |
| Subtotal General Revenues | 13,448,671.15 | 112,564.50 | 13,590,169.72 | 28,934.07 |
| Amount to be Raised by Taxes for Support of Municipal Budget | 33,155,251.78 | - | 34,513,214.58 | 1,357,962.80 |
| Total General Revenues | 46,603,922.93 | 112,564.50 | 48,103,384.30 | 1,386,896.87 |
| Non-Budget Revenues | - | - | 139,906.15 | 139,906.15 |
| | $ 46,603,922.93 | $ 112,564.50 | $ 48,243,290.45 | $ 1,526,803.02 |

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

# TOWNSHIP OF BERKELEY - COUNTY OF OCEAN
## CURRENT FUND
## STATEMENT OF REVENUES - REGULATORY BASIS
## FOR THE YEAR ENDED DECEMBER 31, 2018

**Analysis of Realized Revenues**

| | | |
|---|---|---|
| Allocation of Current Tax Collections: | | |
| Revenue from Collections | $ | 109,861,705.44 |
| Allocated to: | | |
| School, County Taxes and Municipal Open Space | | 77,901,216.30 |
| Balance for Support of Municipal Budget Appropriations | | 31,960,489.14 |
| Add: Appropriation "Reserve for Uncollected Taxes" | | 2,552,725.44 |
| Amount for Support of Municipal Budget Appropriations | $ | 34,513,214.58 |
| Receipts from Delinquent Taxes: | | |
| Delinquent Tax Collections | $ | 1,055,775.13 |
| Tax Title Lien Collections | | 139,464.86 |
| | $ | 1,195,239.99 |

**Analysis of Non-Budget Revenue**

| | | |
|---|---|---|
| Refund of Prior Year Expenses | $ | 53,179.35 |
| Township Auction Proceeds | | 45.00 |
| Recycling | | 18,260.63 |
| Sale of Land | | 26,800.00 |
| Miscellaneous Other | | 14,487.02 |
| Ocean Gate Fuel | | 3,249.65 |
| Inactive Developer Escrow | | 23,884.50 |
| | $ | 139,906.15 |

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriated | | Expended | | Unexpended Balance Cancelled | Over-Expended |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Reserved | | |
| **OPERATIONS WITHIN CAPS** | | | | | | |
| **General Government Functions** | | | | | | |
| General Administration | | | | | | |
| Salaries and Wages | $ 184,062.00 | $ 176,062.00 | $ 170,130.22 | $ 5,931.78 | $ - | $ - |
| Other Expenses | 38,500.00 | 38,500.00 | 37,966.58 | 533.42 | - | - |
| Human Resources | | | | | | |
| Salaries and Wages | 134,759.00 | 134,759.00 | 129,867.66 | 4,891.34 | - | - |
| Other Expenses | 6,975.00 | 6,975.00 | 5,127.22 | 1,847.78 | - | - |
| Office of the Mayor | | | | | | |
| Salaries and Wages | 25,000.00 | 25,000.00 | 25,000.00 | - | - | - |
| Other Expenses | 1,600.00 | 1,600.00 | 925.32 | 674.68 | - | - |
| Township Council | | | | | | |
| Salaries and Wages | 89,500.00 | 89,500.00 | 89,499.99 | 0.01 | - | - |
| Other Expenses | 4,500.00 | 4,500.00 | 1,132.50 | 3,367.50 | - | - |
| Municipal Clerk | | | | | | |
| Salaries and Wages | 234,696.00 | 233,196.00 | 230,207.76 | 2,988.24 | - | - |
| Other Expenses | 19,200.00 | 19,200.00 | 16,151.73 | 3,048.27 | - | - |
| Division of Information Technology | | | | | | |
| Salaries and Wages | 55,950.00 | 55,950.00 | 54,719.08 | 1,230.92 | - | - |
| Other Expenses | 3,000.00 | 2,000.00 | 1,884.74 | 115.26 | - | - |
| Office of the Treasurer | | | | | | |
| Salaries and Wages | 338,978.00 | 338,978.00 | 318,137.19 | 20,840.81 | - | - |
| Other Expenses | 32,500.00 | 32,500.00 | 19,214.29 | 13,285.71 | - | - |
| Contractually Required Severance Liabilities | | | | | | |
| Other Expenses | - | - | - | - | - | - |
| Audit Services | | | | | | |
| Other Expenses | 55,750.00 | 49,049.00 | 47,707.08 | 1,341.92 | - | - |
| Revenue Administration (Tax Collection) | | | | | | |
| Salaries and Wages | 290,379.00 | 290,629.00 | 290,604.89 | 24.11 | - | - |
| Other Expenses | 56,000.00 | 56,000.00 | 49,329.96 | 6,670.04 | - | - |
| Tax Assessment Administration | | | | | | |
| Salaries and Wages | 300,563.00 | 293,563.00 | 292,499.04 | 1,063.96 | - | - |
| Other Expenses | 17,275.00 | 12,275.00 | 9,857.64 | 2,417.36 | - | - |
| Division of Purchasing | | | | | | |
| Salaries and Wages | 36,600.00 | 36,100.00 | 35,911.98 | 188.02 | - | - |
| Other Expenses | 81,555.00 | 86,135.22 | 86,133.22 | 2.00 | - | - |
| Division of Central Services | | | | | | |
| Salaries and Wages | | | | | | |
| Other Expenses | | | | | | |
| Legal Services | | | | | | |
| Other Expenses | 340,000.00 | 391,921.54 | 391,921.54 | - | - | - |



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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriated | | Expended | | Unexpended Balance Cancelled | Over-Expended |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Reserved | | |
| Engineering Services | | | | | | |
| Other Expenses | $ 160,000.00 | $ 201,980.41 | $ 201,980.41 | $ - | $ - | $ - |
| Economic Development Agencies | | | | | | |
| Salaries and Wages | - | - | - | - | - | - |
| Other Expenses | 700.00 | 700.00 | 425.00 | 275.00 | - | - |
| Veterans Advisory Council | | | | | | |
| Other Expenses | 500.00 | 500.00 | - | 500.00 | - | - |
| Senior Citizens Advisory Committee | | | | | | |
| Salaries and Wages | 300.00 | 300.00 | 300.00 | - | | |
| Waterways Advisory Committee | | | | | | |
| Other Expenses | 1,000.00 | 1,318.90 | 1,318.90 | - | - | - |
| Municipal Court: | | | | | | |
| Salaries and Wages | 237,476.00 | 230,976.00 | 230,118.70 | 857.30 | - | - |
| Other Expenses | 7,900.00 | 8,500.00 | 8,492.39 | 7.61 | - | - |
| Public Defender (P.L. 1997, c256) | | | | | | |
| Other Expenses | 45,000.00 | 50,153.27 | 30,153.27 | 20,000.00 | - | - |
| **Land Use Administration** | | | | | | |
| Planning Board / Director of Planning | | | | | | |
| Other Expenses | 125,000.00 | 105,238.00 | 104,759.54 | 478.46 | - | - |
| Planning Board | | | | | | |
| Salaries and Wages | 15,618.00 | 15,618.00 | 15,197.04 | 420.96 | - | - |
| Other Expenses | 71,950.00 | 80,275.77 | 80,275.77 | - | - | - |
| Division of Zoning | | | | | | |
| Salaries and Wages | 62,236.00 | 82,436.00 | 81,945.63 | 490.37 | - | - |
| Other Expenses | 2,200.00 | 1,200.00 | 456.32 | 743.68 | - | - |
| Zoning Board of Adjustment | | | | | | |
| Salaries and Wages | 15,618.00 | 15,618.00 | 15,196.96 | 421.04 | - | - |
| Other Expenses | 28,400.00 | 12,400.00 | 11,667.50 | 732.50 | - | - |
| **Insurances** | | | | | | |
| General Liability | 1,265,500.00 | 1,281,850.00 | 1,240,457.76 | 41,392.24 | - | - |
| Workers Compensation | 248,000.00 | 293,600.19 | 292,494.75 | 1,105.44 | - | - |
| Employee Group Insurance | 7,165,000.00 | 7,165,000.00 | 6,942,436.77 | 222,563.23 | - | - |
| Unemployment Insurance | 10,000.00 | 1,000.00 | 44.93 | 955.07 | - | - |
| **Public Safety Functions** | | | | | | |
| Police Department | | | | | | |
| Salaries and Wages | 8,970,031.37 | 8,455,658.14 | 8,362,395.80 | 93,262.34 | - | - |
| Other Expenses | 416,500.00 | 419,789.55 | 419,411.42 | 378.13 | - | - |
| Emergency Management | | | | | | |
| Salaries and Wages | 16,000.00 | 16,000.00 | 9,656.53 | 6,343.47 | - | - |
| Other Expenses | 5,500.00 | 5,500.00 | 5,488.26 | 11.74 | - | - |



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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriated | | Expended | | Unexpended Balance Cancelled | Over-Expended |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Reserved | | |
| Aid to Volunteer Fire Companies | | | | | | |
| Salaries and Wages | $ 15,000.00 | $ 15,000.00 | $ 14,999.92 | $ 0.08 | $ - | $ - |
| Other Expenses | 220,000.00 | 220,000.00 | 176,176.15 | 43,823.85 | - | - |
| First Aid Contribution | | | | | | |
| Other Expenses | 125,000.00 | 125,000.00 | 125,000.00 | - | - | - |
| Fire Department | | | | | | |
| Salaries and Wages | 104,865.96 | 84,865.96 | 81,658.27 | 3,207.69 | - | - |
| Other Expenses | 2,700.00 | 1,700.00 | 1,443.81 | 256.19 | - | - |
| Uniform Fire Safety Act (P.L. 1983, Ch. 383): | | | | | | |
| Salaries and Wages | 29,744.04 | 29,744.04 | 29,744.04 | - | - | - |
| Municipal Prosecutor: | | | | | | |
| Other Expenses | 25,000.00 | 25,000.00 | 29,330.00 | - | - | 4,330.00 |
| **Public Works Functions** | | | | | | |
| Streets and Roads Maintenance: | | | | | | |
| Salaries and Wages | 507,341.00 | 557,341.00 | 569,052.69 | 0.00 | - | 11,711.69 |
| Other Expenses | 247,250.00 | 217,250.00 | 217,250.00 | - | - | - |
| Contractual | 400,000.00 | 400,000.00 | 235,302.42 | 164,697.58 | - | - |
| Other Public Works Functions/Signs, Maintenance | | | | | | |
| Salaries and Wages | 92,158.00 | 73,158.00 | 73,158.00 | - | - | - |
| Other Expenses | 25,000.00 | 38,906.09 | 25,038.00 | 13,868.09 | - | - |
| Other Public Works Functions/ Building Demolition | | | | | | |
| Other Expenses | 10,000.00 | 10,000.00 | - | 10,000.00 | - | - |
| Sanitation/Solid Waste Collection: | | | | | | |
| Salaries and Wages | 1,991,459.00 | 1,961,459.00 | 1,959,423.94 | 2,035.06 | - | - |
| Other Expenses | 165,500.00 | 165,500.00 | 164,804.68 | 695.32 | - | - |
| Solid Waste Collection/Recycling | | | | | | |
| Salaries and Wages | 285,746.00 | 376,746.00 | 374,300.16 | 2,445.84 | - | - |
| Other Expenses | 19,250.00 | 19,250.00 | 19,141.17 | 108.83 | - | - |
| Buildings and Grounds: | | | | | | |
| Salaries and Wages | 212,040.00 | 203,540.00 | 189,520.50 | 14,019.50 | - | - |
| Other Expenses | 66,250.00 | 66,250.00 | 62,192.58 | 4,057.42 | - | - |
| Equipment Maintenance | | | | | | |
| Salaries and Wages | 501,842.00 | 491,842.00 | 487,389.59 | 4,452.41 | - | - |
| Other Expenses | 31,250.00 | 31,250.00 | 29,485.82 | 1,764.18 | - | - |
| **Health and Human Services** | | | | | | |
| Environmental Health Services | | | | | | |
| Other Expenses | 750.00 | 800.00 | 700.00 | 100.00 | - | - |
| Animal Control Services | | | | | | |
| Salaries and Wages | 119,027.67 | 122,527.67 | 121,675.25 | 852.42 | - | - |
| Other Expenses | 250.00 | 250.00 | - | 250.00 | - | - |



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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriated | | Expended | | Unexpended Balance Cancelled | Over-Expended |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Reserved | | |
| Contribution - Providence House (N.J.S.A. 40:23-8.17) | $ 1,000.00 | $ 1,000.00 | $ 1,000.00 | $ - | $ - | $ - |
| Contribution - Community Services Inc. (N.J.S.A. 40:48-9.4) | 1,000.00 | 1,000.00 | 1,000.00 | - | - | - |
| Contribution - S.T.E.P.S., Inc. (N.J.S.A. 40:48-9.4) | 1,000.00 | 1,000.00 | 1,000.00 | - | - | - |
| **Parks and Recreation** | | | | | | |
| Recreation Services and Programs | | | | | | |
| Salaries and Wages | 566,964.00 | 459,964.00 | 454,438.81 | 5,525.19 | - | - |
| Other Expenses | 44,800.00 | 39,800.00 | 38,463.96 | 1,336.04 | - | - |
| Recreation Services and Programs/Golf Course | | | | | | |
| Salaries and Wages | 184,000.00 | 161,886.40 | 161,886.40 | - | - | - |
| Other Expenses | 40,000.00 | 40,000.00 | 38,512.41 | 1,487.59 | - | - |
| Maintenance of Parks | | | | | | |
| Salaries and Wages | 237,946.00 | 251,946.00 | 251,946.00 | - | - | - |
| Other Expenses | 76,550.00 | 76,550.00 | 76,102.04 | 447.96 | - | - |
| Beach and Boardwalk Operations | | | | | | |
| Salaries and Wages | 115,000.00 | 112,944.80 | 112,944.80 | - | - | - |
| Other Expenses | 7,000.00 | 6,995.11 | 6,995.11 | - | - | - |
| **Utilities and Bulk Purchases** | | | | | | |
| Utilities | | | | | | |
| Other Expenses | 720,000.00 | 753,596.49 | 746,744.15 | 6,852.34 | - | - |
| Street Lighting | | | | | | |
| Other Expenses | 475,000.00 | 475,000.00 | 427,124.82 | 47,875.18 | - | - |
| Gasoline | | | | | | |
| Other Expenses | 500,000.00 | 704,138.03 | 704,112.05 | 25.98 | - | - |
| **Landfill/Solid Waste** | | | | | | |
| Landfill/Solid Waste Disposal Costs | | | | | | |
| Other Expenses/Tipping | 1,600,000.00 | 1,820,858.83 | 1,859,538.43 | - | - | 38,679.60 |
| **Judgements** | | | | | | |
| Judgements | | | | | | |
| Other Expenses | 100,000.00 | 81,808.73 | 81,808.73 | - | - | - |
| **Code Enforcement and Administration** | | | | | | |
| Other Code Enforcement Functions: | | | | | | |
| Salaries and Wages | 174,498.00 | 196,498.00 | 194,192.92 | 2,305.08 | - | - |
| Other Expenses | 4,600.00 | 3,600.00 | 3,275.75 | 324.25 | - | - |
| Total Operations within Caps | 31,264,553.04 | 31,245,971.14 | 30,506,476.65 | 794,215.78 | - | 54,721.29 |
| Contingent | 2,000.00 | 2,000.00 | - | 2,000.00 | - | |
| Total Operations within Caps including Contingent | 31,266,553.04 | 31,247,971.14 | 30,506,476.65 | 796,215.78 | - | 54,721.29 |
| Detail: | | | | | | |
| Salaries and Wages | 16,145,398.04 | 15,589,806.01 | 15,427,719.76 | 173,797.94 | - | 11,711.69 |
| Other Expenses | 15,121,155.00 | 15,658,165.13 | 15,078,756.89 | 622,417.84 | - | 43,009.60 |



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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriated | | Expended | | Unexpended Balance Cancelled | Over-Expended |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Reserved | | |
| **DEFERRED CHARGES AND STATUTORY EXPENDITURES WITHIN CAPS** | | | | | | |
| **Deferred Charges** | | | | | | |
| Prior Year Bills: | | | | | | |
| State of NJ Bureau of Fire Code Enforecement 9/16/14 | $ 132.00 | $ 132.00 | $ 132.00 | $ - | $ - | $ - |
| State of NJ Bureau of Fire Code Enforecement 10/16/15 | 132.00 | 132.00 | 132.00 | - | - | - |
| Meridian Occupational Health PC - 3/20/14 | 153.70 | 153.70 | 153.70 | - | - | - |
| Meridian Occupational Health PC - 3/27/14 | 79.50 | 79.50 | 79.50 | - | - | - |
| Dasti, Murphy, McGuckin, Ulaky, Cherkos & Connors - 11/2/15 | 585.00 | 585.00 | 585.00 | - | - | - |
| Dasti, Murphy, McGuckin, Ulaky, Cherkos & Connors - 11/13/15 | 91.00 | 91.00 | 91.00 | - | - | - |
| Worknet - 4/16/16 | 176.40 | 176.40 | 176.40 | - | - | - |
| **Statutory Expenditures** | | | | | | |
| Contribution to: | | | | | | |
| Social Security System | 1,315,000.00 | 1,315,000.00 | 1,279,320.48 | 35,679.52 | - | - |
| Police and Firemen's Retirement System of NJ | 1,724,591.00 | 1,727,577.12 | 1,727,577.12 | - | - | - |
| Defined Contribution Retirement Program | 3,600.00 | 3,600.00 | 749.65 | 2,850.35 | - | - |
| Public Employee Retirement System | 1,062,550.52 | 1,077,112.19 | 1,077,112.19 | - | - | - |
| Total Deferred Charges and Statutory Expenditures within Caps | 4,107,091.12 | 4,124,638.91 | 4,086,109.04 | 38,529.87 | - | - |
| Total Appropriations within Caps | 35,373,644.16 | 35,372,610.05 | 34,592,585.69 | 834,745.65 | - | 54,721.29 |
| **OPERATIONS EXCLUDED FROM CAPS** | | | | | | |
| Length of Service Awards Program (N.J.A.C. 5:30-14.25) | | | | | | |
| Other Expenses | 210,000.00 | 210,000.00 | 163,904.00 | 46,096.00 | - | - |
| Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc)) | | | | | | |
| Salaries and Wages | 173,725.00 | 174,569.85 | 174,569.85 | - | - | - |
| Other Expenses | 60,000.00 | 60,189.26 | 60,189.26 | - | - | - |
| Recycling Enhancement Act (P.L. 2007 c.311) | | | | | | |
| Other Expenses | 82,078.44 | 82,078.44 | 51,687.15 | 30,391.29 | - | - |
| **Interlocal Municipal Service Agreements** | | | | | | |
| Central Regional Board of Education - Fuel | | | | | | |
| Other Expenses | 100,000.00 | 100,000.00 | 100,000.00 | - | - | - |
| Ocean County Social Services - Relocation Expenses | | | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | - | 1,000.00 | - | - |
| Fire Protection - South Toms River | | | | | | |
| Other Expenses | 26,500.00 | 26,500.00 | 25,341.00 | 1,159.00 | - | - |
| Ocean County - Animal Control | | | | | | |
| Other Expenses | 15,000.00 | 15,000.00 | - | 15,000.00 | - | - |
| Animal Control - Pine Beach, South Seaside Park, Ocean Gate | | | | | | |
| Other Expenses | 11,898.33 | 11,898.33 | 11,898.33 | - | - | - |
| Berkeley Board of Education - Fuel | | | | | | |
| Other Expenses | 60,000.00 | 60,000.00 | 60,000.00 | - | - | - |
| Ocean Gate Borough - Financial Services | | | | | | |
| Other Expenses | 45,833.33 | 45,833.33 | 45,833.33 | - | - | - |
| Central Regional Board of Education - Recreation | | | | | | |



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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriated | | Expended | | Unexpended Balance Cancelled | Over-Expended |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Reserved | | |
| Other Expenses | $ 35,000.00 | $ 35,000.00 | $ 35,000.00 | $ - | $ - | $ - |
| Central Regional Board of Education - Trash Removal | | | | | | |
| Other Expenses | 42,000.00 | 42,000.00 | 42,000.00 | - | - | - |
| Community Service Officer Program (Ambulance) | | | | | | |
| Salaries and Wages | 525,260.00 | 503,610.02 | 439,120.67 | 64,489.35 | - | - |
| Other Expenses | 117,250.00 | 138,899.98 | 138,899.98 | - | - | - |
| **Public and Private Programs Offset by Revenues** | | | | | | |
| Salaries and Wages | 91,496.05 | 91,496.05 | 91,496.05 | - | - | - |
| Other Expenses | 30,000.00 | 30,000.00 | 30,000.00 | - | - | - |
| CDBG Roadway & Drainage for Jamaica Blvd | - | 34,000.00 | 34,000.00 | - | - | - |
| Cops in Crosswalk 2018 Grant | - | 35,200.00 | 35,200.00 | - | - | - |
| Click it or Ticket | 5,500.00 | 5,500.00 | 5,500.00 | - | - | - |
| Distracted Driving | 6,600.00 | 6,600.00 | 6,600.00 | - | - | - |
| Municipal Alliance Grant - Municipal Share | | | | | | |
| Salaries and Wages | 7,847.00 | 7,847.00 | 7,847.00 | - | - | - |
| Municipal Alliance Grant - State Share (Fiscal Year) | | | | | | |
| Salaries and Wages | 20,768.66 | 20,768.66 | 20,768.66 | - | - | - |
| Other Expenses | 10,619.34 | 10,619.34 | 10,619.34 | - | - | - |
| Green Acres Grant - Veterans Park Improvements | 200,000.00 | 200,000.00 | 200,000.00 | - | - | - |
| FY 18 Homeland Security Grant | - | 23,800.00 | 23,800.00 | - | - | - |
| FY 19 Homeland Security Grant | - | 6,364.80 | 6,364.80 | - | - | - |
| Society of Fire Protection Engineers | - | 1,000.00 | 1,000.00 | - | - | - |
| FY 17 Homeland Security Grant | - | 12,199.70 | 12,199.70 | - | - | - |
| Budget Modification, FEMA - Emergency Generator Project - Admin Building | | | | | | |
| Federal Share | 119,769.00 | 119,769.00 | 119,769.00 | - | - | - |
| Local Share | 13,308.00 | 13,308.00 | 13,308.00 | - | - | - |
| Budget Modification, FEMA - Emergency Generator Project - Police Building | | | | | | |
| Federal Share | 187,328.00 | 187,328.00 | 187,328.00 | - | - | - |
| Local Share | 20,214.00 | 20,214.00 | 20,214.00 | - | - | - |
| Total Operations excluded from Caps | 2,218,995.15 | 2,332,593.76 | 2,174,458.12 | 158,135.64 | - | - |
| Detail: | | | | | | |
| Salaries and Wages | 819,096.71 | 832,291.58 | 767,802.23 | 64,489.35 | - | - |
| Other Expenses | 1,399,898.44 | 1,500,302.18 | 1,406,655.89 | 93,646.29 | - | - |
| **CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS** | | | | | | |
| Capital Improvement Fund | 460,000.00 | 460,000.00 | 460,000.00 | - | - | - |
| NJDOT Trust Fund Authority Act | 340,000.00 | 340,000.00 | 340,000.00 | - | - | - |
| Total Capital Improvements excluded from Caps | 800,000.00 | 800,000.00 | 800,000.00 | - | - | - |



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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**CURRENT FUND**
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**
**FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Appropriated | | Expended | | Unexpended Balance Cancelled | Over-Expended |
|---|---|---|---|---|---|---|
| | Budget | Budget After Modification | Paid or Charged | Reserved | | |
| **MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS** | | | | | | |
| Payment of Bond Principal | $ 3,330,000.00 | $ 3,330,000.00 | $ 3,330,000.00 | $ - | $ - | $ - |
| Interest on Bonds | 1,094,427.92 | 1,094,427.92 | 1,094,427.90 | - | 0.02 | - |
| Interest on Notes | 431,342.02 | 431,342.02 | 431,342.02 | - | - | - |
| NJEIT: | | | | | | |
| Loan Repayments for Principal and Interest | 129,467.89 | 129,467.89 | 129,268.82 | - | 199.07 | - |
| Total Municipal Debt Service excluded from Caps | 4,985,237.83 | 4,985,237.83 | 4,985,038.74 | - | 199.09 | - |
| **DEFERRED CHARGES EXCLUDED FROM CAPS** | | | | | | |
| Special Emergency Authorizations - From 2013 | 89,389.71 | 89,389.71 | 89,389.71 | - | - | - |
| Special Emergency Authorizations - From 2014 | 48,405.36 | 48,405.36 | 48,405.36 | - | - | - |
| Special Emergency Authorizations - From 2015 | 13,381.25 | 13,381.25 | 13,381.25 | - | - | - |
| Special Emergency Authorizations - From 2016 | 52,144.03 | 52,144.03 | 52,144.03 | - | - | - |
| Unfunded Ordinance 16-01 | 170,000.00 | 170,000.00 | - | - | 170,000.00 | - |
| CDL Loan Payback | 300,000.00 | 300,000.00 | - | - | 300,000.00 | - |
| Total Deferred Charges excluded from Caps | 673,320.35 | 673,320.35 | 203,320.35 | - | 470,000.00 | - |
| Total General Appropriations excluded from Caps | 8,677,553.33 | 8,791,151.94 | 8,162,817.21 | 158,135.64 | 470,199.09 | - |
| Subtotal General Appropriations | 44,051,197.49 | 44,163,761.99 | 42,755,402.90 | 992,881.29 | 470,199.09 | 54,721.29 |
| Reserve for Uncollected Taxes | 2,552,725.44 | 2,552,725.44 | 2,552,725.44 | - | - | |
| Total General Appropriations | $ 46,603,922.93 | $ 46,716,487.43 | $ 45,308,128.34 | $ 992,881.29 | $ 470,199.09 | $ 54,721.29 |
| Adopted Budget | | $ 46,603,922.93 | | | | |
| Appropriations added by 40A:4-87 | | 112,564.50 | | | | |
| | | $ 46,716,487.43 | | | | |
| Reserve for: | | | | | | |
| Encumbrances | | | $ 432,479.65 | | | |
| Uncollected Taxes | | | 2,552,725.44 | | | |
| Disbursements | | | 40,868,377.85 | | | |
| Special Emergency Authorizations | | | 203,320.35 | | | |
| Interfunds: | | | | | | |
| Other | | | 85,210.50 | | | |
| Grant Fund | | | 1,166,014.55 | | | |
| | | | $ 45,308,128.34 | | | |



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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**OTHER TRUST FUND** **Exhibit B**
**STATEMENT OF ASSETS, LIABILITIES,**
**RESERVES AND FUND BALANCE - REGULATORY BASIS**
**DECEMBER 31, 2018 AND 2017**

| | 2018 | 2017 |
|---|---|---|
| **Assets** | | |
| **Animal Control Trust Fund** | | |
| Cash | $ 7,762.57 | $ 343.13 |
| **Other Trust Fund** | | |
| Cash | 6,269,707.77 | 7,667,454.61 |
| Due From Regional School District | - | 10,057.50 |
| Due From Local School District | - | 16,753.75 |
| | 6,269,707.77 | 7,694,265.86 |
| Length of Service Awards Program Fund (LOSAP) | | |
| Funds Held by Trustee | 1,983,809.02 | 2,136,031.42 |
| | $ 8,261,279.36 | $ 9,830,640.41 |
| **Liabilities and Reserves** | | |
| **Animal Control Trust Fund** | | |
| Reserve for Animal Control Trust Fund | $ 7,186.57 | $ 341.93 |
| Due to State of New Jersey | 576.00 | 1.20 |
| | 7,762.57 | 343.13 |
| **Other Trust Fund** | | |
| Interfund | | |
| Current Fund | 146,726.68 | 162,740.97 |
| General Capital | 27,500.00 | 27,500.00 |
| Payroll Fund | 287,389.90 | 268,293.65 |
| Due to State of New Jersey | 15,133.61 | 15,470.00 |
| Reserve for: | | |
| Miscellaneous Reserves | 5,061,316.03 | 6,482,188.76 |
| Open Space | 731,641.55 | 738,072.48 |
| | 6,269,707.77 | 7,694,265.86 |
| Length of Service Awards Program Fund (LOSAP) | | |
| Funds Held by Trustee | 1,983,809.02 | 2,136,031.42 |
| | $ 8,261,279.36 | $ 9,830,640.41 |

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

Exhibit C

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**
**GENERAL CAPITAL FUND**
**STATEMENT OF ASSETS, LIABILITIES,**
**RESERVES AND FUND BALANCE - REGULATORY BASIS**
**DECEMBER 31, 2018 AND 2017**

| | 2018 | 2017 |
|---|---|---|
| **Assets** | | |
| Cash | $ 7,694,343.20 | $ 5,623,557.64 |
| Deferred Charges to Future Taxation: | | |
| Funded | 44,756,216.41 | 28,080,424.15 |
| Unfunded | 10,955,031.00 | 24,013,821.00 |
| Interfunds: | | |
| Current Fund | 382,793.34 | 928.00 |
| Other Trust Fund | 27,500.00 | 27,500.00 |
| Grants Receivable | 189,638.82 | 432,668.00 |
| | $ 64,005,522.77 | $ 58,178,898.79 |
| **Liabilities, Reserves and Fund Balance** | | |
| Capital Improvement Fund | $ 45,515.97 | $ 36,483.97 |
| Reserve for Debt Service | 420,891.87 | 169,989.61 |
| Improvement Authorizations: | | |
| Funded | 1,952,750.95 | 130,147.96 |
| Unfunded | 2,677,952.34 | 4,227,656.47 |
| Reserve for Encumbrances | 3,622,430.39 | 3,907,019.63 |
| Bond Anticipation Notes | 10,432,530.00 | 21,627,177.00 |
| Environmental Infrastructure Trust Fund Loans | 1,293,670.07 | 1,479,962.60 |
| Serial Bonds | 42,669,000.00 | 26,044,000.00 |
| Green Trust Loan Payable | 793,546.34 | 556,461.55 |
| Fund Balance | 97,234.84 | - |
| | $ 64,005,522.77 | $ 58,178,898.79 |

There were bonds and notes authorized but not issued on December 31, 2018 and 2017 of $522,501.00 and $2,386,644.00, respectively.

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

**Exhibit C-1**

# TOWNSHIP OF BERKELEY- COUNTY OF OCEAN
## GENERAL CAPITAL FUND
## STATEMENT OF FUND BALANCE - REGULATORY BASIS
## FOR THE YEAR ENDED DECEMBER 31, 2018

| | | |
|---|---|---|
| Balance December 31, 2017 | $ | - |
| Increased by: | | |
| Receipts: | | |
| Bond Premium | | 97,234.84 |
| Balance December 31, 2018 | $ | 97,234.84 |

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**PAYROLL FUND** **Exhibit G**
**STATEMENT OF ASSETS AND LIABILITIES**
**REGULATORY BASIS**
**DECEMBER 31, 2018 AND 2017**

| | 2018 | 2017 |
|---|---|---|
| **Assets** | | |
| Cash | $ 404,096.89 | $ 144,432.38 |
| Interfund Receivable - Trust | 287,389.90 | 268,293.65 |
| | $ 691,486.79 | $ 412,726.03 |
| **Liabilities** | | |
| Interfund Payable - Current Fund | $ 508,952.66 | $ 243,162.45 |
| Payroll Deductions Payable | 182,534.13 | 169,563.58 |
| | $ 691,486.79 | $ 412,726.03 |

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**
**GENERAL FIXED ASSETS ACCOUNT GROUP** **Exhibit H**
**STATEMENT OF ASSETS AND LIABILITIES**
**REGULATORY BASIS**
**DECEMBER 31, 2018 AND 2017**

| | 2018 | 2017 |
|---|---|---|
| General Fixed Assets: | | |
| Land | $ 7,747,516.11 | $ 6,245,007.50 |
| Buildings and Improvements | 7,625,923.00 | 7,625,923.00 |
| Machinery and Equipment | 31,791,524.32 | 30,728,679.42 |
| | $ 47,164,963.43 | $ 44,599,609.92 |
| Investment in General Fixed Assets | $ 47,164,963.43 | $ 44,599,609.92 |

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

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**TOWNSHIP OF BERKELEY**
**COUNTY OF OCEAN**

# NOTES TO FINANCIAL STATEMENTS
# FOR THE YEAR ENDED DECEMBER 31, 2018

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## Note 1. Summary of Significant Accounting Policies

### Description of Financial Reporting Entity

The Township of Berkeley, County of Ocean, New Jersey (hereafter referred to as the "Township"), include every board, body, office or commission supported by 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 operation of the Board of Education, first aid organizations, or volunteer fire companies which are subjected to separate audits.

**Component Units -** GASB Statement 14, as amended by GASB Statements 39, 61 and 80, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Township are not presented in accordance with GAAP (as discussed below). Therefore, the Township had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61 and 80.

**Basis of Accounting, Measurement Focus and Basis of Presentation** - The financial statements of the Township contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Township accounts for its financial transactions through the use of separate funds, which are described as follows:

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

**Trust Funds –** These funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

**General Capital Fund –** This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Township.

**Payroll Fund** – This fund accounts for receipts and disbursements for payroll costs and payroll taxes.

**Note 1. Summary of Significant Accounting Policies (continued)**

**Budgets and Budgetary Accounting** - The Township must adopt an annual budget for its Current] Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10th of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Cash, Cash Equivalents and Investments** - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost with the exception of LOSAP investments which are reported at fair value. Therefore unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

*N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Township requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Note 1. Summary of Significant Accounting Policies (continued)**

**Inventories and Supplies** - The cost 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 statements of assets, liabilities, reserves and fund balance.

**General Fixed Assets** – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has adopted a capitalization threshold of $5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**Foreclosed Property** – Foreclosed Property or “Property Acquired for Taxes” is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Township to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

**Deferred Charges** – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Fund Balance** – Fund Balance included in the Current Fund represent the amount available for anticipation as revenue in future year’s budgets, with certain restrictions.

**Note 1. Summary of Significant Accounting Policies (continued)**

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

**Property Tax Revenues** – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the County of Ocean, and Berkeley Township School District Central Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10th of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10th of the current year and due to be paid to the County by February 15th of the following year.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Berkeley Township School District and Central Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

**Reserve for Uncollected Taxes** – The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

**Expenditures** – are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount. Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis.

**Note 1. Summary of Significant Accounting Policies (continued)**

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31st of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

**Long-Term Debt** - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General Capital Fund. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Compensated Absences** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has recently adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements; and there have been no GASB pronouncements effective for the current year that have a significant impact of the County's financial statements.

Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Post- employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multi-Employer Plans, for OPEB. Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB Plans.

**Note 2. Deposits and Investments**

The Township is governed by the deposit and investment limitations of New Jersey state law.

**Deposits**

**Custodial Credit Risk Related to Deposits -** Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. Although the Township does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first $250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Township in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Township relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

**Note 2. Deposits and Investments (continued)**

As of December 31, 2018, the Township's bank balance of $23,457,086.13 was insured or collateralized as follows:

| | |
|---|---|
| Insured under FDIC and GUDPA | $ 16,880,404.35 |
| Uninsured and Uncollateralized | 6,576,681.78 |
| | $ 23,457,086.13 |

**Investments**

Fair Value Measurement – The fair value measurements of investments are required to be reported based on the hierarchy established by generally accepted accounting principles. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available.

Under regulatory basis of accounting, investments are measured at cost in the Township's financial statements. However, had the financial statements been prepared in accordance with GAAP, the Township's fair value, hierarchy level and maturities of its investments at December 31, 2018 would be as followed:

| | Carrying | Fair Value as of December 31, 2018 | | |
|---|---|---|---|---|
| | Value | Level 1 | Level 3 | Total |
| Investment type | | | | |
| Money Markets | $ 194,936.43 | $ 194,936.43 | $ - | $ 194,936.43 |
| Mutual Funds | 1,093,158.39 | 1,093,158.39 | - | 1,093,158.39 |
| Fixed Account Investment Contract | 695,714.20 | - | 695,714.20 | 695,714.20 |
| | $ 1,983,809.02 | $ 1,288,094.82 | $ 695,714.20 | $ 1,983,809.02 |
| Fund | | | | |
| Trust Fund - LOSAP | $ 1,983,809.02 | $ 1,288,094.82 | $ 695,714.20 | $ 1,983,809.02 |
| | $ 1,983,809.02 | $ 1,288,094.82 | $ 695,714.20 | $ 1,983,809.02 |

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Township will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township has no investment policy to limit exposure to custodial credit risk.

**Note 2. Deposits and Investments (continued)**

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Township's investment policies place no limit in the amount the Township may invest in any one issuer. More than 5% of the Township's investments are in Mutual Funds and Fixed Account Investments. These investments represent 100% of the Township's total investments.

**Note 3. Property Taxes**

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

**Comparison Schedule of Tax Rates**

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| Tax Rate | $ 2.160 | $ 2.080 | $ 2.069 |
| Apportionment of Tax Rate: | | | |
| Municipal | 0.646 | 0.618 | 0.618 |
| Municipal Open Space | 0.010 | 0.010 | 0.010 |
| County | 0.437 | 0.429 | 0.419 |
| Local School | 0.601 | 0.587 | 0.586 |
| Regional School | 0.466 | 0.436 | 0.436 |

**Assessed Valuation**

| Year | Amount |
|---|---|
| 2018 | $ 5,136,193,690.00 |
| 2017 | 5,107,714,648.00 |
| 2016 | 5,119,435,600.00 |

**Comparison of Tax Levies and Collections**

| Year | Tax Levy | Cash Collections | Percentage Of Collection |
|---|---|---|---|
| 2018 | $ 111,672,917.87 | $ 109,861,705.35 | 98.37% |
| 2017 | 106,734,982.15 | 105,315,779.03 | 98.67% |
| 2016 | 106,331,265.00 | 103,711,457.00 | 97.53% |

**Note 3. Property Taxes (continued)**

**Delinquent Taxes and Tax Title Liens**

| Year | Tax Title Liens | Delinquent Taxes | Total Delinquent | Percentage Of Tax Levy |
|---|---|---|---|---|
| 2018 | $ 1,114,415.98 | $ 1,404,460.92 | $ 2,518,876.90 | 2.26% |
| 2017 | 1,091,188.14 | 1,030,938.02 | 2,122,126.16 | 1.99% |
| 2016 | 1,041,729.00 | 1,993,493.00 | 3,035,222.00 | 2.85% |

**Note 4. Property Acquired By Tax Title Lien Liquidation**

The value of properties acquired by liquidation of tax title liens based on the last assessed valuation of such properties as of December 31, was as follows:

| Year | Amount |
|---|---|
| 2018 | $ 6,179,600.00 |
| 2017 | 6,179,600.00 |
| 2016 | 6,590,979.58 |

**Note 5. Fund Balances Appropriated**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

| Year | Balance December 31, | Utilized in Budget of Succeeding Year | Percentage of Fund Balance Used |
|---|---|---|---|
| **Current Fund:** | | | |
| 2018 | $ 6,088,254.74 | $ 2,710,000.00 | 44.51% |
| 2017 | 5,801,222.77 | 2,645,000.00 | 45.59% |
| 2016 | 4,164,228.03 | 2,032,750.00 | 48.81% |

**Note 6. Disaggregated Receivable and Payable Balances**

There are no significant components of receivable and payable balances reported in the financial statements.

**Note 7. Interfund Receivables, Payables and Transfers**

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2018:

**Note 7. Interfund Receivables, Payables and Transfers (continued)**

| Fund | Interfund Receivable | Interfund Payable |
|---|---|---|
| Current Fund | $1,157,918.14 | $ 382,793.34 |
| State and Federal Grant Fund | - | 502,238.80 |
| Trust Other Fund | - | 461,616.58 |
| Capital Fund | 410,293.34 | - |
| Payroll Fund | 287,389.90 | 508,952.66 |
| | $1,855,601.38 | $ 1,855,601.38 |

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

A summary of interfund transfers is as follows:

| Fund | Transfers In | Transfers Out |
|---|---|---|
| Current Fund | $ 911,966.76 | $ 1,070,983.43 |
| Trust Other Fund | 208,761.54 | 165,820.00 |
| Capital Fund | 552,782.95 | 170,917.61 |
| Payroll Fund | 309,438.94 | 575,229.15 |
| | $1,982,950.19 | $ 1,982,950.19 |

**Note 7. Interfund Receivables, Payables and Transfers (continued)**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them (i.e. interest earning), (2) provide cash flow to other funds to temporary finance expenditures that are on a reimbursable basis (i.e. grants), (3) when no bank account exists for a fund, and (4) utilizing surplus or fund balance from one fund as budgeted revenue in another.

**Note 8. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2018.

| | Balance December 31, 2017 | Additions | Deletions | Balance December 31, 2018 |
|---|---|---|---|---|
| Land | $ 6,245,007.50 | $ 1,502,508.61 | $ - | $ 7,747,516.11 |
| Buildings and Improvements | 7,625,923.00 | - | - | 7,625,923.00 |
| Machinery & Equipment | 30,728,679.42 | 1,062,844.90 | - | 31,791,524.32 |
| | $ 44,599,609.92 | $ 2,565,353.51 | $ - | $ 47,164,963.43 |

## Note 9. Pension Obligations

### A. Public Employees' Retirement System (PERS)

**Plan Description -** The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at http://www.nj.gov/treasury/pensions/financial-reports.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

| Tier | Definition |
|---|---|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55$^{th}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60$^{th}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62 and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**Basis of Presentation -** The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions -** The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2018, the State's pension contribution was less than the actuarial determined amount. The local

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the Township's contractually required contribution to PERS plan was $1,102,062.00.

**Components of Net Pension Liability** - At December 31, 2018, the Township's proportionate share of the PERS net pension liability was $21,815,175.00. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2017. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The Township's proportion measured as of June 30, 2018, was 0.1107959800% which was an increase of 0.0021747165% from its proportion measured as of June 30, 2017.

**Balances at December 31, 2018 and December 31, 2017**

| | 12/31/2018 | 12/30/2017 |
|---|---|---|
| Actuarial valuation date (including roll forward) | June 30, 2018 | June 30, 2017 |
| Deferred Outflows of Resources | $ 6,108,411 | $ 8,050,943 |
| Deferred Inflows of Resources | 7,710,648 | 5,754,860 |
| Net Pension Liability | 21,815,175 | 25,285,294 |
| Township's portion of the Plan's total net pension Liability | 0.11080% | 0.10862% |

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2018, the Township's proportionate share of the PERS expense, calculated by the plan as of the June 30, 2018 measurement date is $1,209,328.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed $1,102,062.00 to the plan in 2018.

At December 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between Expected and Actual Experience | $ 416,019 | $ 112,486 |
| Changes of Assumptions | 3,594,780 | 6,975,333 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | 204,627 |
| Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions | 2,097,612 | 418,202 |
| | $ 6,108,411 | $ 7,710,648 |

The Township will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|---|---|
| ifferences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | 5.48 | - |
| June 30, 2018 | 5.63 | - |
| hanges of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | - |
| June 30, 2015 | 5.72 | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | - | 5.48 |
| June 30, 2018 | - | 5.63 |
| et Difference between Projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | 5.00 |
| June 30, 2015 | - | 5.00 |
| June 30, 2016 | 5.00 | - |
| June 30, 2017 | 5.00 | - |
| June 30, 2018 | 5.00 | - |
| hanges in Proportion and Differences between Township Contributions and Proportionate Share of Contributions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.44 | 6.44 |
| June 30, 2015 | 5.72 | 5.72 |
| June 30, 2016 | 5.57 | 5.57 |
| June 30, 2017 | 5.48 | 5.48 |
| June 30, 2018 | 5.63 | 5.63 |

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

| Year Ending Dec 31, | Amount |
|---|---|
| 2019 | $ (97,870) |
| 2020 | (80,794.00) |
| 2021 | 26,513.00 |
| 2022 | (1,118,346.00) |
| 2023 | (331,740.00) |
| | $ (1,602,237) |

**Actuarial Assumptions -** The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.25% |
| Salary Increases: | |
| Through 2026 | 1.65% - 4.15% Based on Age |
| Thereafter | 2.65% - 5.15% Based on Age |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | RP-2000 |
| Period of Actuarial Experience Study upon which Actuarial Assumptions were Based | July 1, 2011 - June 30, 2014 |

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Absolute Return/Risk Mitigation | 5.00% | 5.51% |
| Cash | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment grade credit | 10.00% | 3.78% |
| Public High Yield | 2.50% | 6.82% |
| Global Diversified Credit | 5.00% | 7.10% |
| Credit Oriented Hedge Funds | 1.00% | 6.60% |
| Debt Related Private Equity | 2.00% | 10.63% |
| Debt Related Real Estate | 1.00% | 6.61% |
| Private Real Asset | 2.50% | 11.83% |
| Equity Related Real Estate | 6.25% | 9.23% |
| U.S. Equity | 30.00% | 8.19% |
| Non-U.S. Developed Markets Equity | 11.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.64% |
| Buyouts/Venture Capital | 8.25% | 13.08% |
| | 100.00% | |

**Note 9. Pension Obligations (continued)**

**A. Public Employees' Retirement System (PERS) (continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate -** The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66%) or 1-percentage-point higher (6.66%) than the current rate:

| | 1% Decrease (4.66%) | Current Discount Rate (5.66%) | 1% Increase (6.66%) |
|---|---|---|---|
| Township's Proportionate Share of the Net Pension Liability | $ 27,430,071 | $ 21,815,175 | $ 17,104,639 |

**B. Police and Firemen's Retirement System (PFRS)**

**Plan Description –** The State of New Jersey, Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at http://www.nj.gov/treasury/pensions/financial-reports.shtml.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

| Tier | Definition |
|---|---|
| 1 | Members who were enrolled prior to May 22, 2010. |
| 2 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 3 | Members who were eligible to enroll on or after June 28, 2011 |

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1 % for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Basis of Presentation -** The schedules of employer allocations and the schedules of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Contributions -** The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2018, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. For the year ended December 31, 2018, the Township's contractually required contributions to PFRS plan was $1,835,870.00. The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

**Net Pension Liability and Pension Expense** - At December 31, 2018 the Township's proportionate share of the PFRS net pension liability was $25,410,336.00. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2018. The Township's proportion measured as of June 30, 2018, was 0.18778%, which was an increase of .0066616% from its proportion measured as of June 30, 2017.

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

**Balances at December 31, 2018 and Decmber 31, 2017**

| | 12/31/2018 | 12/31/2017 |
|---|---|---|
| Actuarial valuation date (including roll forward) | June 30, 2018 | June 30, 2017 |
| Deferred Outflows of Resources | $ 3,451,042 | $ 4,431,599 |
| Deferred Inflows of Resources | 8,379,979 | 7,053,751 |
| Net Pension Liability | 25,410,336 | 27,691,872 |
| Township's portion of the Plan's total net pension Liability | 0.18778% | 0.18112% |

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2018, the Township's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2018 measurement date was $1,970,829.00. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Township contributed $1,835,870.00 to the plan in 2018.

At December 31, 2018, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between Expected and Actual Experience | $ 258,517 | $ 105,154 |
| Changes of Assumptions | 2,181,136 | 6,512,231 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | 139,018 |
| Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions | 1,011,389 | 1,623,576 |
| | $ 3,451,042 | $ 8,379,979 |

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

The Township will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|---|---|
| Differences between Expected and Actual Experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | - |
| June 30, 2015 | - | 5.53 |
| June 30, 2016 | - | 5.58 |
| June 30, 2017 | 5.59 | - |
| June 30, 2018 | 5.73 | - |
| Changes of Assumptions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.17 | - |
| June 30, 2015 | 5.53 | - |
| June 30, 2016 | 5.58 | - |
| June 30, 2017 | - | 5.59 |
| June 30, 2018 | - | 5.73 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | - | 5.00 |
| June 30, 2015 | - | 5.00 |
| June 30, 2016 | 5.00 | - |
| June 30, 2017 | 5.00 | - |
| June 30, 2018 | 5.00 | - |
| Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2014 | 6.17 | 6.17 |
| June 30, 2015 | 5.53 | 5.53 |
| June 30, 2016 | 5.58 | 5.58 |
| June 30, 2017 | 5.59 | 5.59 |
| June 30, 2018 | 5.73 | 5.73 |

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

| Year Ending Dec 31, | Amount |
|---|---|
| 2019 | $ 312,124 |
| 2020 | (700,620.00) |
| 2021 | (1,909,411.00) |
| 2022 | (2,223,498.00) |
| 2023 | (407,532.00) |
| | $ (4,928,937) |

**Special Funding Situation** – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the state is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L, 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the Township is $3,451,574.00 as of December 31, 2018. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2017, to the measurement date of June 30, 2018. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2018 was .187784%, which was an increase of .0066616% from its proportion measured as of June 30, 2017, which is the same proportion as the Township's. At December 31, 2018, the Township's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

| | |
|---|---|
| Township's Proportionate Share of Net Pension Liability | $ 25,410,336 |
| State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Township | 3,451,574 |
| | $ 28,861,910 |

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

At December 31, 2018, the State's proportionate share of the PFRS expense, associated with the Township, calculated by the plan as of the June 30, 2018 measurement date was $408,833.00.

**Actuarial Assumptions -** The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.25% |
| Salary Increases: | |
| Through 2026 | 2.10% - 8.98% Based on Age |
| Thereafter | 3.10% - 9.98% Based on Age |
| Investment Rate of Return | 7.00% |
| Mortality Rate Table | RP-2000 |
| Period of Actuarial Experience Study upon which Actuarial Assumptions were Based | July 1, 2010 - June 30, 2013 |

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Risk Mitigation Strategies | 5.00% | 5.51% |
| Cash Equivalents | 5.50% | 1.00% |
| U.S. Treasuries | 3.00% | 1.87% |
| Investment Grade Credit | 10.00% | 3.78% |
| High Yield | 2.50% | 6.82% |
| Global Diversified Credit | 5.00% | 7.10% |
| Credit Oriented Hedge Funds | 1.00% | 6.60% |
| Debt Related Private Equity | 2.00% | 10.63% |
| Debt Related Real Estate | 1.00% | 6.61% |
| Private Real Asset | 2.50% | 11.83% |
| Equity Related Real Estate | 6.25% | 9.23% |
| U.S. Equity | 30.00% | 8.19% |
| Non-U.S. Developed Markets Equity | 11.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.64% |
| Buyouts/Venture Capital | 8.25% | 13.08% |
| | 100.00% | |

**Discount Rate** - The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2018 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Note 9. Pension Obligations (continued)**

**B. Police and Firemen's Retirement System (PFRS) (continued)**

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate -** The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.51%) or 1-percentage-point higher (7.51%) than the current rate:

| | 1% Decrease (5.51%) | Current Discount Rate (6.51%) | 1% Increase (7.51%) |
|---|---|---|---|
| Township's Proportionate Share of the Net Pension Liability | $ 34,008,581 | $ 25,410,336 | $ 18,268,751 |
| State of New Jersey's Proportionate Share of Net Pension Liability associated with the Township | 4,619,503 | 3,451,574 | 2,481,508 |
| | $ 38,628,084 | $ 28,861,910 | $ 20,750,259 |

**Related Party Investments** - The Division of Pensions and Benefits does not invest in securities issued by the Township.

## Note 10. Municipal Debt

The following schedule represents the Township's summary of debt, as filed in the Township's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

| | 2018 | 2017 | 2016 |
|---|---|---|---|
| **Issued:** | | | |
| General: | | | |
| Bonds, Notes and Loans | $ 55,188,746.41 | $ 49,707,601.15 | $ 45,364,155.00 |
| Total Debt Issued | 55,188,746.41 | 49,707,601.15 | 45,364,155.00 |
| **Authorized but not issued:** | | | |
| General: | | | |
| Bonds, Notes and Loans | 522,501.00 | 2,386,644.00 | 1,948,355.00 |
| Total Authorized But Not Issued | 522,501.00 | 2,386,644.00 | 1,948,355.00 |
| **Total Gross Debt** | $ 55,711,247.41 | $ 52,094,245.15 | $ 47,312,510.00 |
| **Deductions:** | | | |
| General: | | | |
| Funds on Hand For Payment of Bonds and Notes: | | | |
| Reserve for Debt Service | $ 420,891.87 | $ 169,989.61 | $ 332,213.00 |
| Open Space Trust (N.J.S.A. 40A:244(h)) | 731,641.55 | 738,072.48 | 788,152.00 |
| Total Deductions | 1,152,533.42 | 908,062.09 | 1,120,365.00 |
| **Total Net Debt** | $ 54,558,713.99 | $ 51,186,183.06 | $ 46,192,145.00 |

| | Gross Debt | Deductions | Net Debt |
|---|---|---|---|
| Local School Debt | $ 7,180,000.00 | $ 7,180,000.00 | $ - |
| Regional School Debt | 1,173,000.00 | 1,173,000.00 | - |
| General Debt | 55,711,247.41 | 1,152,533.42 | 54,558,713.99 |
| | $ 64,064,247.41 | $ 9,505,533.42 | $ 54,558,713.99 |

**Note 10. Municipal Debt (continued)**

Summary of Statutory Debt Condition - Annual Debt Statement (continued)

Net Debt $54,558,713.99 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, $5,426,590,709.67, equals 1.01%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2018 is calculated as follows:

| Borrowing Power Under N.J.S. 40A:2-6 as Amended | |
|---|---|
| 3 1/2% of Equalized Valuation Basis (Municipal) | $ 189,930,674.84 |
| Net Debt | 54,558,713.99 |
| Remaining Borrowing Power | $ 135,371,960.85 |

**General Debt**

**General Capital Fund**

| | | |
|---|---|---|
| $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% | $ | 5,745,000 |
| $9,950,000 2012 Bonds due in annual installments ranging from $525,000 to $1,050,000 through 2023 at interest rates ranging from 2.125% to 3.00% | | 5,250,000 |
| $3,085,000 2015 Refunding Bonds due in annual installments ranging from $45,000 to $720,000 through 2020 at an interest rate of 2% | | 1,460,000 |
| $11,409,000 2016 Bonds due in annual installments ranging from $575,000 to $1,150,000 through 2028 at an interest rates ranging from 2.00% to 3.00% | | 10,259,000 |
| $19,955,000 2018 Bonds due in annual installments ranging from $1,115,000 to $12,300,000 through 2029 at an interest rates ranging from 3.00% to 5.00% | | 19,955,000 |
| | $ | 42,669,000 |

**Note 10. Municipal Debt (continued)**

**General Debt (continued)**

A summary of the maturities for each of the subsequent five years and then each five year period thereafter is as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2019 | 4,465,000.00 | 1,418,680.00 | 5,883,680.00 |
| 2020 | 4,525,000.00 | 1,281,817.50 | 5,806,817.50 |
| 2021 | 4,395,000.00 | 1,234,601.25 | 5,629,601.25 |
| 2022 | 4,510,000.00 | 1,082,032.50 | 5,592,032.50 |
| 2023 | 4,630,000.00 | 926,370.00 | 5,556,370.00 |
| 2024-2028 | 17,844,000.00 | 2,138,800.00 | 19,982,800.00 |
| 2029 | 2,300,000.00 | 69,000.00 | 2,369,000.00 |
| | $ 42,669,000.00 | $ 8,151,301.25 | $ 50,820,301.25 |

**B. Bond Anticipation Notes Payable – Short Term Debt**

The following is a summary of bond anticipation notes payable accounted for in the General Capital Fund at December 31, 2018:

| Description | Date of Issue | Date of Maturity | Rate | Balance December 31, 2018 |
|---|---|---|---|---|
| Series 2018 A | 5/16/2018 | 5/16/2019 | 3.000% | $ 10,432,530.00 |
| | | | | $ 10,432,530.00 |

The purpose of these short-term borrowings was to provide resources for general capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2018, the Township had $522,501.00 in various General Capital bonds and notes authorized but not issued.

**Note 10. Municipal Debt (continued)**

**D. Loans Payable**

New Jersey Environmental Infrastructure Trust

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.

A summary of the maturities for each of the subsequent five years and then each five year period thereafter is as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 194,792.06 | $ 21,612.50 | $ 216,404.56 |
| 2020 | 196,823.65 | 18,462.50 | 215,286.15 |
| 2021 | 183,109.71 | 15,012.50 | 198,122.21 |
| 2022 | 121,516.60 | 11,412.50 | 132,929.10 |
| 2023 | 119,687.17 | 9,812.50 | 129,499.67 |
| 2024-2028 | 504,250.87 | 26,242.76 | 530,493.63 |
| 2029 | 20,000.00 | 217.76 | 20,217.76 |
| Deobligated | (46,509.99) | - | (46,509.99) |
| | $ 1,293,670.07 | $ 102,773.02 | $ 1,396,443.09 |

**Note 10. Municipal Debt (continued)**

Green Trust Loans

During 2001, the Township entered into a loan agreement funded by the Green Trust in the amount of $409,630.28 for Veterans' Park Driving Range. The loan bears an interest rate of 2.00% and matures in April 2021.

During 2008, the Township entered into a loan agreement funded by the Green Trust in the amount of $500,000.00 for Veterans' Park Driving Range. The loan bears an interest rate of 2.00% and matures in March 2027.

During 2008, the Township entered into a loan agreement funded by the Green Trust in the amount of $289,202.77 for Toms River Park Phase II. The loan bears an interest rate of 2.00% and matures in February 2028.

During 2018 the Township entered into a loan agreement funded by the Green Trust in the amount of $309,753.80 for Manitou Park. The loan bears an interest rate of 2.00% and matures in May 2038.

A summary of the maturities for each of the subsequent five years and then each five year period thereafter is as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2019 | 87,261.36 | 15,436.80 | $ 102,698.16 |
| 2020 | 89,015.30 | 13,682.84 | 102,698.14 |
| 2021 | 73,958.71 | 11,893.62 | 85,852.33 |
| 2022 | 58,431.01 | 10,575.51 | 69,006.52 |
| 2023 | 59,605.47 | 9,401.05 | 69,006.52 |
| 2024-2028 | 259,375.30 | 28,866.07 | 288,241.37 |
| 2029-2033 | 83,402.11 | 12,905.28 | 96,307.39 |
| 2034-2038 | 82,497.08 | 4,179.56 | 86,676.64 |
| | $ 793,546.34 | $ 106,940.73 | $ 900,487.07 |

## Note 10. Municipal Debt (continued)

### Summary of Principal Debt

A summary of the changes in long-term and short term debt of the Township is as follows:

| | Balance December 31, 2017 | Accrued/ Increases | Retired/ Decreases | Balance December 31, 2018 | Balance Due Within One Year |
|---|---|---|---|---|---|
| General Capital: | | | | | |
| General Bonds | $ 26,044,000.00 | $ 19,955,000.00 | $ 3,330,000.00 | $ 42,669,000.00 | $ 4,465,000.00 |
| Bond Anticipation Notes | 21,627,177.00 | 10,432,530.00 | 21,627,177.00 | 10,432,530.00 | 10,432,530.00 |
| Green Trust Loan | 556,461.55 | 309,753.77 | 72,668.98 | 793,546.34 | 87,261.36 |
| NJEIT Loans | 1,479,962.60 | - | 186,292.53 | 1,293,670.07 | 194,792.06 |
| | $ 49,707,601.15 | $ 30,697,283.77 | $ 25,216,138.51 | $ 55,188,746.41 | $ 15,179,583.42 |

| | Balance December 31, 2016 | Accrued/ Increases | Retired/ Decreases | Balance December 31, 2017 | Balance Due Within One Year |
|---|---|---|---|---|---|
| General Capital: | | | | | |
| General Bonds | $ 29,394,000.00 | $ - | $ 3,350,000.00 | $ 26,044,000.00 | $ 3,330,000.00 |
| Bond Anticipation Notes | 13,670,927.00 | 21,627,177.00 | 13,670,927.00 | 21,627,177.00 | 21,627,177.00 |
| Green Trust Loan | 641,493.60 | - | 85,032.05 | 556,461.55 | 72,668.98 |
| NJEIT Loans | 1,657,734.10 | - | 177,771.50 | 1,479,962.60 | 189,292.53 |
| | $ 45,364,154.70 | $ 21,627,177.00 | $ 17,283,730.55 | $ 49,707,601.15 | $ 25,219,138.51 |

## Note 11. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

| Description | Balance December 31, 2018 | 2019 Budget Appropriation | Balance to Succeeding Budgets |
|---|---|---|---|
| **Current Fund:** | | | |
| Special Emergency Authorizations (40A:4-55) | | | |
| 2014 Contractually Required Liabilities | 48,405.36 | 48,405.36 | - |
| 2015 Contractually Required Liabilities | 26,762.49 | 13,381.25 | 13,381.24 |
| 2016 Contractually Required Liabilities | 156,432.09 | 52,144.03 | 104,288.06 |
| Overexpenditures of a Budget Line | 54,721.29 | 54,721.29 | - |

**Note 12. Deferred School Taxes**

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

| | Balance, December 31, | |
|---|---|---|
| Local Taxes | 2018 | 2017 |
| Total Balance of Local Tax | $ 14,637,921.01 | $ 14,219,411.01 |
| Deferred Taxes | 14,637,821.01 | 14,219,411.01 |
| Local Tax Payable | $ 100.00 | $ - |

| | Balance, December 31, | |
|---|---|---|
| Regional Tax | 2018 | 2017 |
| Total Balance of Regional Tax | $ 11,726,048.59 | $ 10,871,541.87 |
| Deferred Taxes | 11,726,048.59 | 10,871,541.87 |
| Regional Tax Payable | $ - | $ - |

**Note 13. Accrued Sick, Vacation and Compensation Time**

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, sick pay and compensation time. The Township permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at $2,756,824.58 at December 31, 2018.

**Note 14. Service Contract – Utility Authorities**

The Township adopted an ordinance on April 19, 1961 providing a service contract between the Township and the Berkeley Township Sewerage Authority and also adopted an ordinance on February 16, 1988 providing a service contract between the Township and the Berkeley Township Utilities Authority. The contracts, among other things, obligates the Township to pay to the Authorities such sums of money as may be necessary to provide for deficits which result from failure of the Authorities to provide adequate revenues from their operations.

## Note 15. FEMA Community Disaster Loan

On May 21, 2013, the Township submitted a formal request for a FEMA Community Disaster Loan (CDL) in the amount of $5,000,000 in relation to Super Storm Sandy losses and expenditures. The Township drew down $5,000,000 of the total amount in October 2013 and recognized this as revenue in the Current Fund in the year ended December 31, 2013. The Township's accrued interest at December 31, 2018 is $64,986.88.

The interest rate on the loan is the U.S. Treasury rate for 5-year maturities on the date the Promissory Note is executed, in this case May 30, 2013. The term of the loan is usually 5 years, but may be extended. Interest accrues on the funds as they are disbursed.

The Assistance Administrator of the Disaster Assistance Directorate may cancel repayment of all or part of the loan if the revenues of the applicant in the three fiscal years following the financial year of the disaster are insufficient to meet the operating budget because of disaster related revenue losses and unreimbursed disaster related operating expenses. The Township applied and was approved to have a partial cancellation of this loan in the amount of $3,755,497.97 plus the related accrued interest based on calculation provided by FEMA representatives.

## Note 16. Contingent Liabilities

### Pending Litigation

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.

Residents of South Seaside Park have filed a petition with the Township's Planning Board to begin the de-annexation process from the Township of Berkeley. The matter is being heard before the Township's Planning Board and, as of the date of this report, hearings are ongoing and no determination has been made.

## Note 17. Postemployment Benefits Other Than Pensions

### General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at https://www.state.nj.us/treasury/pensions/financial-reports.shtml.

**Note 17. Postemployment Benefits Other Than Pensions (continued)**

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Basis of Presentation**

The schedule of employer and nonemployer allocations and the schedule of OPEB amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**Allocation Methodology**

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2018 were

**Note 17. Postemployment Benefits Other Than Pensions (continued)**

$6,338,578,586 and $9,642,524,641, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

**Net OPEB Liability**

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | |
|---|---|
| Inflation Rate | 2.50% |
| Salary Increases*: | |
| Through 2026 | 1.65% to 8.98% |
| Thereafter | 2.65% to 9.98% |

* - Salary Increases are based on the defined benefit plan that the member is enrolled in and his or her age.

**OPEB Obligation and OPEB Expense -** The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Township's as of June 30, 2018 was $58,241,123.00. The Township's proportionate share was $0.

The OPEB Obligation was measured as of June 30, 2018, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the OPEB Obligation associated with the Township was based on projection of the State's long-term contributions to the OPEB plan associated with the Township relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2018, the State proportionate share of the OPEB Obligation attributable to the Township was 0.371753%, which was an increase of 0.016233% from its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of $1,738,178.00 for the State's proportionate share of the OPEB expense attributable to the Township. This OPEB expense was based on the OPEB plans June 30, 2018 measurement date.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

**Note 17. Postemployment Benefits Other Than Pensions (continued)**

Certain actuarial assumptions used in the June 30, 2017 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan – the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

*Health Care Trend Assumptions*

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

*Discount Rate*

The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

***Sensitivity of Net OPEB Liability to Changes in the Discount Rate***

The following presents the collective net OPEB liability of the participating employers as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

| | At 1% Decrease (2.87%) | At Discount Rate (3.87%) | At 1% Increase (4.87%) |
|---|---|---|---|
| State of New Jersey's Proportionate Share of Total OPEB Obligation Associated with The Township | $ 68,332,235.35 | $ 58,241,123.00 | $ 50,180,608.07 |
| State of New Jersey's Total Nonemployer OPEB Liability | 18,381,085,096.00 | 15,666,618,141.00 | 13,498,373,388.00 |

***Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:***

The following presents the net OPEB liability as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**Note 17. Postemployment Benefits Other Than Pensions (continued)**

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|---|---|---|---|
| State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Township | $ 48,582,434.72 | $ 58,241,123.00 | $ 70,740,900.84 |
| State of New Jersey's Total Nonemployer OPEB Liability | 13,068,471,450.00 | 15,666,618,141.00 | 19,029,006,023.00 |

**Additional Information –** The following is a summary of the collective balances of the local group at June 30, 2018:

| | 12/31/2018 | 12/31/2017 |
|---|---|---|
| Collective Deferred Outflows of Resources | $ 2,115,007,508.00 | $ 1,151,561,955.00 |
| Collective Deferred Inflows of Resources | 9,261,653,464.00 | 3,414,042,238.00 |
| Collective Net OPEB Liability | 15,666,618,141.00 | 20,415,788,739.00 |
| Township's Portion | 0.371753% | 0.355520% |

The collective amounts reported as a deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30: | |
|---|---|
| 2019 | $ (1,049,390,011.00) |
| 2020 | (1,049,390,011.00) |
| 2021 | (1,049,390,011.00) |
| 2022 | (1,050,264,681.00) |
| 2023 | (1,051,678,489.00) |
| Thereafter | (1,896,532,753.00) |
| | $ (7,146,645,956.00) |

*Changes in Proportion*

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 8.14 and 8.04 years for the 2018 and 2017 amounts, respectively.

**Note 17. Postemployment Benefits Other Than Pensions (continued)**

**Plan Membership**

At June 30, 2017, the Program membership consisted of the following:

| | June 30, 2017 |
|---|---|
| Active Plan Members | 61,789 |
| Retirees Currently Receiving Benefits | 26,277 |
| Total Plan Members | 88,066 |

**Changes in the Total OPEB Liability**

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

| | |
|---|---|
| Service Cost | $ 896,235,148.00 |
| Interest on the Total OPEB Liability | 764,082,232.00 |
| Differences Between Expected and Actual Experience | (3,626,384,047.00) |
| Changes of Assumptions | (2,314,240,675.00) |
| Contributions From the Employer | (421,194,662.00) |
| Contributions From Non-Employer Contributing Entity | (53,548,285.00) |
| Net Investment Income | (2,320,422.00) |
| Administrative Expense | 8,200,113.00 |
| Net Change in Total OPEB Liability | (4,749,170,598.00) |
| Total OPEB Liability (Beginning) | 20,415,788,739.00 |
| Total OPEB Liability (Ending) | $ 15,666,618,141.00 |

**Note 18. Subsequent Events**

The Township has evaluated subsequent events through August 12, 2019, the date the financial statements were available to be issued.

On January 28, 2019 the Township adopted an ordinance providing for various capital improvements and the acquisition of various capital equipment and appropriating $6,845,500 therefore and authorizing the issuance of $6,503,225 in Bonds or Bond Anticipation Notes to finance the same.

On June 24, 2019 the Township adopted an ordinance providing for the refunding of all or a portion of the Township's Series 2010 General Obligation Bonds, appropriating an amount not exceeding $4,000,000 and authorizing the issuance of General Obligation Refunding Bonds not to exceed $4,000,000.

**APPENDIX C**
**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS**

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## 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 $9,715,000 General Obligation Bonds, Series 2020 (the "Bonds"). The Bonds are being issued pursuant to various Bond Ordinances (collectively, the "Ordinances") duly adopted by the Council of the Issuer (the "Council"), as set forth in a Resolution duly adopted by the Council on March 23, 2020 (the "Resolution"). The Bonds are dated their date of delivery and shall mature on May 1st in the years 2021 through 2030, inclusive. The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

"EMMA" shall mean the Electronic Municipal Market Access System ("EMMA"), an internet based filing system created and maintained by the MSRB in

accordance with the SEC Release, pursuant to which issuers of tax-exempt bonds, including the Bonds, and other filers on behalf of the such issuers shall upload Continuing Disclosure Information to assist underwriters in complying with the Rule and to provide the general public with access to such Continuing Disclosure Information.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

"Official Statement" shall mean the Official Statement of the Issuer, dated April 30, 2020, relating to the Bonds.

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

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

"SEC Release" shall mean Release No. 34-59062, of the SEC, dated December 5, 2008.

"State" shall mean the State of New Jersey.

*Section* 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than September 30th of each year, commencing September 30, 2020 (for the fiscal year ending December 31, 2019), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the SEC.

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

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

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

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

2. The financial information and operating data set forth in Appendix A to the Official Statement under the following headings: "Largest Tax Payers"; "Comparison of Tax Levies and Collections"; "Delinquent Taxes and Tax Title Liens"; "Property Acquired by Tax Lien Liquidation"; "Tax Rates per $100 of Net Valuations Taxable and Allocations"; "Valuation of Property"; "Classification of Ratables"; and "Financial Operations".

*Section 5.* Reporting of Significant Events.

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

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on the debt service reserves reflecting financial difficulties;

4. unscheduled draws on the credit enhancements reflecting financial difficulties;

5. substitution of the credit or liquidity providers or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;

7. modifications to rights of Bondholders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bondholders, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The Issuer 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 the redemption by other prior optional redemptions or security purchases.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**By_____**
**FREDERICK C. EBENAU,**
**Chief Financial Officer**

**Dated: May 14, 2020**

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**APPENDIX D**
**FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE NOTES**

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## FORM OF 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") in connection with the issuance by the Issuer of its Bond Anticipation Notes, Series 2020A, in the aggregate principal amount of $6,935,500 (the "Notes"). The Notes are being issued pursuant to various bond ordinances duly adopted by the Issuer. The Issuer covenants and agrees as follows:

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

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

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

"Continuing Disclosure Information" shall mean: (i) any notice required to be filed with the MSRB pursuant to Section 4 hereof; and (ii) any notice of an event required to be filed with the MSRB pursuant to Section 3(c) hereof.

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

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

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

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

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

"State" shall mean the State of New Jersey.

SECTION 3. Reporting of Significant Events.

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

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on the debt service reserves reflecting financial difficulties;

4. unscheduled draws on the credit enhancements reflecting financial difficulties;

5. substitution of the credit or liquidity providers or their failure to perform;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax-exempt status of the Notes;

7. modifications to rights of Noteholders, if material;

8. Note calls, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Notes, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar events of the Issuer, which shall be considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

13. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Noteholders, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the same manner as for a Listed Event under Section 3(a), and shall include a narrative explanation of the reason for the amendment or waiver.

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

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

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

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

Date: May 14, 2020

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

By:_____
FREDERICK C. EBENAU,
Chief Financial Officer

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**APPENDIX E**
**FORM OF BOND COUNSEL'S OPINION FOR THE BONDS**

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GLUCK WALRATH LLP

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Phone 609-278-1900
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**Red Bank Office**
11 Wharf Avenue, Suite 4
Red Bank, NJ 07701
Phone 732-530-8822
Fax 732-530-6770

**glucklaw.com**

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

May 14, 2020

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

**RE: Township of Berkeley, County of Ocean, New Jersey**
**$9,715,000 General Obligation Bonds, Series 2020**

Dear Mayor and Council:

We have examined the record of proceedings relating to the issuance of $9,715,000 General Obligation Bonds, Series 2020, (the "Bonds"), of the Township of Berkeley, in the County of Ocean, a municipal corporation of the State of New Jersey (the "Township"). The Bonds are dated May 14, 2020 and mature on May 1st in each year in the principal amounts set forth in the table below. Interest on the Bonds, at the respective rates of interest set forth below, is payable semiannually on May 1st and November 1st of each year, commencing on May 1, 2021, until maturity.

| Maturity (May 1st) | General Obligation Bonds, Series 2020 Principal Amount |
|---|---|
| 2021 | $550,000 |
| 2022 | 590,000 |
| 2023 | 905,000 |
| 2024 | 1,095,000 |
| 2025 | 1,100,000 |
| 2026 | 1,100,000 |
| 2027 | 1,100,000 |
| 2028 | 1,100,000 |
| 2029 | 1,090,000 |
| *2030* | 1,085,000 |
| | $9,715,000 |

The Bonds are subject to redemption prior to maturity as set forth in the Official Statement.

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.

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 March 23, 2020 (the "Bond Resolution"), and by virtue of various Bond Ordinances finally adopted by the Township as identified in the Bond Resolution (collectively, the "Bond Ordinances"). The Bonds are being issued to: (i) currently refund and permanently finance a portion of the Township's $16,935,000 bond anticipation notes, dated May 15, 2019 and maturing May 15, 2020; and (ii) pay costs of issuance and delivery of the Bonds.

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 Arbitrage and Use of Proceeds Certificate of the Township dated the date of the Bonds (the "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 Arbitrage Certificate which contains provisions and procedures regarding compliance with the requirements of the Code. In executing the 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 includible 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 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. We have assumed that the Township will comply with the provisions of the Arbitrage Certificate. 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.

Based upon and subject to the foregoing 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. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals by the Internal Revenue Code of 1986, as amended (the "Code"). Interest on a Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

The opinions set forth herein are given solely for the benefit of the original purchaser of the Notes and the addressee hereof and may not be relied on by any other person or entity without our express prior written consent. 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 Notes and make no representation that we have independently verified any such information. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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**APPENDIX F**
**FORM OF BOND COUNSEL'S OPINION FOR THE NOTES**

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GLUCK WALRATH LLP

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Suite 400
Freehold, New Jersey 07728
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*An opinion in substantially the following form will be delivered at Closing assuming no material changes in facts or law.*

May 14, 2020

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

**RE: Township of Berkeley, County of Ocean, New Jersey**
**$6,935,500 Bond Anticipation Notes, Series 2020A, dated May 14, 2020, due May 14, 2021, at 2.00%**

Dear Mayor and Members of the Township Council:

We have examined a record of the proceedings relating to the issuance of $6,935,000 Bond Anticipation Notes, Series 2020A (the "Notes") of the Township of Berkeley, in the County of Ocean, a municipal corporation of the State of New Jersey (the "Township"). The Notes are dated May 14, 2020, mature May 14, 2021, and bear interest at the rate of two per centum (2%) per annum payable at maturity. The Notes are initially registered in the name of, and held by, Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), in book-entry-only form and are not subject to redemption prior to maturity. The Notes are issued pursuant to the Local Bond Law of the State of New Jersey (Chapter 2 of Title 40A of the New Jersey Statutes, as amended), and in anticipation of the issuance of bonds and are authorized by virtue of bond ordinances described in the Certificate of Determination and Award dated the date hereof (the "Bond Ordinances"). The Notes are being issued to: (i) currently refund a portion of the principal the Township's Bond Anticipation Notes, Series 2019A originally issued in the amount of $16,935,000, dated May 15, 2019 and maturing May 15, 2020; (ii) currently refund the full principal of the Township's Bond Anticipation Notes, Series 2019B originally issued in the amount of $432,500, dated October 10, 2019 and maturing May 15, 2020; and (iii) pay costs associated with the issuance of the Notes.

In forming our opinion, we have examined certified copies of the Bond Ordinances and the unexecuted note. 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 Notes (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 Notes, 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 Notes.

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 Notes 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 Notes 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 Notes 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 Notes after the issuance thereof to the extent necessary to effect or maintain the federal tax-exempt status of the interest on the Notes. These covenants and statements relate to, *inter alia*, the use of proceeds of the Notes and the property financed or refinanced thereby and the rebating to the United States Treasury of specified arbitrage earnings, if required. We have assumed that the Township will comply with the provisions of the Non-Arbitrage Certificate. 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.

Based upon and subject to the foregoing, we are of the opinion that:

1. The Notes 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 Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting the enforcement of creditors' or other equitable rights in general.

2. Interest on the Notes and any gain from the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

3. Under existing statutes, regulations, rulings and court decisions, interest on the Notes 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. We express no opinion regarding any other federal income tax consequences arising with respect to the Notes.

The opinions set forth herein are given solely for the benefit of the original purchaser of the Notes and the addressee hereof and may not be relied on by any other person or entity without our express prior written consent. 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 Notes and make no representation that we have independently verified any such information. The opinions set forth herein are given solely as of the date hereof, and we do not undertake to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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**APPENDIX G**
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

SPECIMEN

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

SPECIMEN

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100