

NEW ISSUE
BOOK-ENTRY ONLY

NOT RATED

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 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 Notes, interest on the 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 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 Notes, interest on the Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein..

\$16,935,000
TOWNSHIP OF BERKELEY
IN THE COUNTY OF OCEAN, NEW JERSEY
BOND ANTICIPATION NOTES, SERIES 2019A
(Non-Callable)
Coupon: ____%
Yield: ____%

Dated: Date of Delivery

Due: May 15, 2020

The \$16,935,000 Bond Anticipation Notes, Series 2019A (the "Notes") of the Township of Berkeley, in the County of Ocean, New Jersey (the "Township") will be issued as fully registered Notes in the form of one certificate for the aggregate principal amount of each series of the Notes and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as Securities Depository. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or greater through book-entries made on the books and the records of DTC and its participants. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes.

Principal of and interest on the Notes is payable on the due date, as shown above. As long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payment of the principal and interest on the Notes will be made by the Township directly to DTC or its nominee, Cede & Co. The Notes are not subject to redemption prior to maturity.

The 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 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, Red Bank, 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 Notes. It is expected that the Notes, in definitive form, will be available for delivery on or about May 15, 2019.

BIDS FOR THE NOTES, IN ACCORDANCE WITH THE NOTICE OF SALE FOR THE NOTES, WILL BE RECEIVED ON MAY 1, 2019.

This is a Preliminary Official Statement and the information contained herein is subject to completion, amendment or other change without notice. The securities described herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

**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

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

CHIEF FINANCIAL OFFICER
Frederick C. Ebenau

TAX COLLECTOR
Maureen Cosgrove, CTC

TOWNSHIP CLERK
Beverly M. Carle

TOWNSHIP SOLICITOR
Lauren R. Staiger, Esq.
Toms River, New Jersey

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

BOND COUNSEL
GluckWalrath LLP
Red Bank, 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 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 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.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE NOTES	1
General Description.....	1
Denominations and Place of Payment.....	1
Book-Entry-Only System	1
Discontinuance of Book-Entry Only System	3
Optional Redemption.....	3
AUTHORIZATION AND USE OF PROCEEDS	3
SECURITY FOR THE NOTES	4
The Township.....	4
MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES	4
Local Bond Law (N.J.S.A. 40A:2-1 et seq.).....	4
Debt Limits.....	5
Exceptions to Debt Limits - Extensions of Credit	5
Short Term Financing.....	5
The Local Budget Law (N.J.S.A. 40A:4-1 et seq.).....	5
Tax Appeals.....	7
The Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)	8
School Debt Subject to Voter Approval	8
TAX MATTERS	8
Federal Income Taxes.....	8
State Taxes.....	8
Original Issue Premium	9
Certain Federal Tax Considerations	9
Backup Withholding.....	9
Changes in Law and Post-Issuance Events.....	9
Section 265 Qualification	10
LEGALITY FOR INVESTMENT	10
CONTINUING DISCLOSURE	10
LITIGATION	10
MUNICIPAL BANKRUPTCY	11
CERTAIN REFERENCES.....	11
CERTIFICATION OF OFFICIAL STATEMENT	12
RATING	12
PURCHASER.....	12
MUNICIPAL ADVISOR	12
APPROVAL OF LEGAL PROCEEDINGS	12
FINANCIAL STATEMENTS.....	13
ADDITIONAL INFORMATION	13
MISCELLANEOUS	13
APPENDIX A: GENERAL INFORMATION REGARDING THE TOWNSHIP	
APPENDIX B: FINANCIAL INFORMATION REGARDING THE TOWNSHIP	
APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE	
APPENDIX D: FORM OF BOND COUNSEL’S OPINION	

**Official Statement
of
TOWNSHIP OF BERKELEY
in the County of Ocean, New Jersey
\$16,935,000 BOND ANTICIPATION NOTES, SERIES 2019A**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Berkeley (the “Township”), in the County of Ocean (the “County”), New Jersey (the “State”) in connection with the sale and issuance of \$16,935,000 Bond Anticipation Notes by the Township (the “Notes”).

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 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 of each series 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 each 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.

Book-Entry-Only System

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Notes, payment of principal and interest, and other payments on the Notes to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the 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 concerning these matters.

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

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

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

To facilitate subsequent transfers, all 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 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct Participants or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Redemption proceeds, distributions, and dividend payments on the Notes 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 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 in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the Paying Agent, if any, 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 Participants and Indirect Participants.

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

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

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

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 Notes, the following provisions apply: (i) the Notes may be exchanged for an equal aggregate principal amount of Notes in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township/paying agent; (ii) the transfer of any Notes may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Township/paying agent together with the duly executed assignment in form satisfactory to the Township/paying agent; and (iii) for every exchange or registration of transfer of Notes, the Township/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 Notes. Interest on the Notes will be payable by check or draft, mailed on the Interest Payment Date.

Optional Redemption

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

AUTHORIZATION AND USE OF PROCEEDS

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.), 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, \$10,432,000 of the Township's bond anticipation notes originally issued in the aggregate principal amount of \$10,432,530, dated May 16, 2018 and maturing May 16, 2019 (the "Prior Notes"), (ii) temporarily finance the cost of new improvements in and by the Township in the amount of \$6,503,000, and (iii) pay the costs of issuance of the Notes. The remaining \$530 of the Prior Notes are being paid from budgeted appropriations or other sources of the Township. 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 bond ordinances are described in the

following tables by ordinance number, amount of the Prior Notes being refunded with the proceeds of the Notes, and amount of new Notes to be issued:

Bond Anticipation Notes

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Prior Notes Being Refunded</u>	<u>Principal Amount of New Notes</u>
12-14-OAB	Various Capital Improvements, finally adopted July 10, 2012	\$282,000	\$0
13-26-OAB	Various Capital Improvements, finally adopted July 8, 2013	1,382,000	0
14-03-OAB	Various Capital Improvements and the Acquisition of Various Capital Equipment, finally adopted February 24, 2014	200,000	0
18-01-OAB	Various Capital Improvements and the Acquisition of Various Capital Equipment, finally adopted February 26, 2018	8,568,000	0
19-01-OAB	Various Capital Improvements and Acquisition of Various Capital Equipment, finally adopted January 28, 2019.	<u>0</u>	<u>6,503,000</u>
Sub-Total:		<u>\$10,432,000</u>	<u>\$6,503,000</u>
Total:			<u>\$16,935,000</u>

SECURITY FOR THE NOTES

The 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 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 Notes, without limitation as to rate or amount.

The Township

The Township, primarily a residential community, is located along the eastern border of the County. See Appendix “A” for general information regarding the Township. See Appendix “A” for general information regarding the Township.

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, 2018.

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 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 Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Township has covenanted to comply with the provisions of the Code applicable to the Notes, and has covenanted not to take any action or permit any action that would cause the interest on the Notes to be included in gross income under Section 103 of the Code or cause interest on the 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 Notes, interest on the 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 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 Notes, interest on the 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 price of the Notes may be greater than the stated redemption price thereof at maturity (the “Premium Notes”). The difference between the initial public offering price for the Premium 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 Notes through reductions in the holder’s tax basis for the Premium 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 Notes rather than creating a deductible expense or loss. Purchasers of the 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 Notes.

Certain Federal Tax Considerations

Ownership of the 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 Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the 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 Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the 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 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 Notes is subject to information reporting to the IRs in a manner similar to interest paid on taxable obligations. In addition, interest on the 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 Notes for federal or state income tax purposes, and thus on the value or marketability of the 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 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 Notes may occur. Prospective purchasers of the 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 Notes. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Notes, or the interest thereon, if any action is taken with respect to the 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 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 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 or notes of the Township including the Notes, and such 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, the Township will deliver concurrently with the delivery of the Notes, a Continuing Disclosure Certificate in substantially the form annexed hereto as Appendix C (the "Continuing Disclosure Certificate"). The Township has covenanted for the benefit of the Noteholders in accordance with the provisions of the Continuing Disclosure Certificate, to provide or cause to be provided notices of certain enumerated events to the Municipal Securities Rulemaking Board ("MSRB") through the Electronic Municipal Market Access Dataport ("EMMA").

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, capital budget information for fiscal years ending December 31, 2013, 2014 and 2015, along with event notices and late filing notices in connection with said filings. Such notices of events and late filings have since been filed with EMMA. The Township appointed Phoenix Advisors, LLC in November of 2013 to serve as continuing disclosure agent.

LITIGATION

Upon delivery of the Notes, the Township shall furnish a certificate of Lauren R. Staiger, Esq., Toms River, New Jersey (the "Township Attorney"), dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or, to his knowledge, threatened to restrain or enjoin the

issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the 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 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, which has not been disclosed in this Official Statement.

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 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 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.

RATING

The Notes have not been rated.

PURCHASER

The Notes have been purchased from the Township, at a public sale, by _____, _____, _____, (the "Purchaser") at a price of \$_____. The Purchaser is obligated to purchase all of the Notes if any are purchased.

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

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Township with respect to the issuance of the 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 Notes are subject to the approval of Bond Counsel, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix "D". Certain legal matters will be passed on for the Township by the Township Attorney.

FINANCIAL STATEMENTS

[An Excerpt of the Compiled Financial Statements of the Township for the year ended December 31, 2018 and an excerpt of the Report of Audit of Financial Statements of the Township for the year ended December 31, 2017 are included in APPENDIX "B" to this Official Statement.] The financial statements of the Township for the 2017 has been audited by Holman Frenia Allison, P.C., Toms River, New Jersey, independent certified public accountants, as stated in the excerpt of their report appearing in APPENDIX "B" to this Official Statement.

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 (609) 597-1000, 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 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 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

Frederick C. Ebenau
Chief Financial Officer

Dated: May __, 2019

APPENDIX A
GENERAL INFORMATION REGARDING THE TOWNSHIP

INFORMATION REGARDING THE TOWNSHIP¹

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:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>Township</u>				
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%
<u>County</u>				
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%
<u>State</u>				
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)

	<u>Township</u>	<u>County</u>	<u>State</u>
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.

	<u>Township</u>		<u>County</u>		<u>State</u>	
<u>Year</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2017 Estimate	41,676	1.02%	589,699	2.28%	9,005,644	2.43%
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:

<u>Taxpayers</u>	<u>2018 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Hovchild Partnership LLC	\$31,876,200	0.62%
Plainfield Properties LLC	28,289,800	0.55%
Quaker Malls LP	17,721,200	0.35%
Bayville Commons LLC	15,000,000	0.29%
Arlington Beach Co	13,973,100	0.27%
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%
BNJ Realty LLC	8,000,000	0.16%
Shar-a-dee Apartments LLC	<u>6,500,000</u>	<u>0.13%</u>
Total	<u>\$149,455,200</u>	<u>2.91%</u>

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

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2018U	\$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%
2014	99,811,146	96,457,125	96.64%

U: Unaudited

Source: Annual Audit Reports of the Township and 2018 Annual Financial Statement

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2018U	\$1,177,599	\$1,404,711	\$2,582,310	2.31%
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%
2014	678,807	3,056,369	3,735,176	3.74%

U: Unaudited

Source: Annual Audit Reports of the Township and 2018 Annual Financial Statement

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2018U	\$6,179,600
2017	6,179,600
2016	6,590,980
2015	6,590,980
2014	6,590,980

U: Unaudited

Source: Annual Audit Reports of the Township and 2018 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.

<u>Year</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>Local School</u>	<u>Regional School</u>	<u>County</u>	<u>Total</u>
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
2014	0.600	0.010	0.555	0.383	0.407	1.955

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

Valuation of Property

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Aggregate True Value of Real Property</u>	<u>Ratio of Assessed to True Value</u>	<u>Assessed Value of Personal Property</u>	<u>Equalized Valuation</u>
2018	\$5,132,282,800	\$5,581,601,740	91.95%	\$3,910,890	\$5,279,887,000
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
2014	5,089,815,160	5,085,746,563	100.08	4,196,262	5,089,942,825
2013	5,091,904,660	5,105,690,023	99.73	5,768,219	5,111,458,242

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.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
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
2014	149,897,200	4,565,575,860	711,900	291,170,700	24,462,500	57,997,000	5,089,815,160

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

<u>Anticipated Revenues</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
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	<u>30,611,767</u>	<u>31,614,008</u>	<u>31,566,482</u>	<u>33,155,252</u>	<u>33,434,023</u>
Total Revenue:	<u>\$45,194,095</u>	<u>\$46,015,787</u>	<u>\$45,292,831</u>	<u>\$46,603,923</u>	<u>\$47,028,544</u>
<u>Appropriations</u>					
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	<u>3,451,355</u>	<u>3,377,604</u>	<u>2,371,443</u>	<u>2,552,725</u>	<u>2,281,478</u>
Total Appropriations:	<u>\$45,194,095</u>	<u>\$46,015,787</u>	<u>\$45,292,831</u>	<u>\$46,603,923</u>	<u>\$47,028,544</u>

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.

<u>Year</u>	<u>Fund Balance - Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget</u>
	<u>12/31</u>	<u>of Succeeding Year</u>
2018U	\$6,164,805	\$2,710,000
2017	5,801,223	2,645,000
2016	4,164,228	2,032,750
2015	3,582,772	2,401,129
2014	1,753,008	833,000

U: Unaudited

Source: Annual Audit Reports of the Township and 2018 Annual Financial Statement

Township Indebtedness as of December 31, 2018

General Purpose Debt

Serial Bonds	\$42,660,000
Bond Anticipation Notes	10,432,530
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	2,214,665
Total:	<u>\$55,307,195</u>

Local School District Debt

Serial Bonds	\$7,180,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$7,180,000</u>

Regional School District Debt

Serial Bonds	\$813,091
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$813,091</u>

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:	<u>\$0</u>

TOTAL GROSS DEBT

	<u>\$63,300,286</u>
Less: Statutory Deductions	
General Purpose Debt	\$738,888
Local School District Debt	7,180,000
Regional School District Debt	813,091
Self-Liquidating Debt	0
Total:	<u>\$8,731,979</u>

TOTAL NET DEBT

	<u>\$54,568,308</u>
--	----------------------------

Source: Annual Debt Statement of the Township

Overlapping Debt (as of December 31, 2018)²

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>Township Percentage</u>	<u>Township Share</u>
Local School District	\$7,180,000	100.00%	\$7,180,000
Regional School District	1,173,000	69.32%	813,091
Berkeley Township Sewerage Authority	6,530,204	100.00%	6,530,204
Berkeley Township Municipal Utilities Authority	11,015,293	100.00%	11,015,293
Ocean County Utilities Authority (2017)	131,798,308	5.74%	7,565,223
County	486,423,834	5.16%	<u>25,096,867</u>
Net Indirect Debt			\$58,200,678
Net Direct Debt			<u>54,568,308</u>
Total Net Direct and Indirect Debt			<u>\$112,768,985</u>

Debt Limit

Average Equalized Valuation Basis (2016, 2017, 2018)	\$5,426,590,710
Permitted Debt Limitation (3 1/2%)	189,930,675
Less: Net Debt	<u>54,568,308</u>
Remaining Borrowing Power	<u><u>\$135,362,367</u></u>
Percentage of Net Debt to Average Equalized Valuation	1.006%
Gross Debt Per Capita based on 2010 population of 41,255	\$1,534
Net Debt Per Capita based on 2010 population of 41,255	\$1,323

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.

APPENDIX B
FINANCIAL INFORMATION REGARDING THE TOWNSHIP

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018**

This page intentionally left blank.

**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

PART I

**INDEPENDENT ACCOUNTANT'S COMPILATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

This page intentionally left blank.

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, 2018 and 2017, and the related statements of operations and changes in fund balance—regulatory basis for the years then ended and the related statements of revenues-regulatory basis, statements of expenditures-regulatory basis for the year ended December 31, 2018 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 Conaty
Certified Public Accountant
Registered Municipal Accountant
RMA No. 581

April 19, 2019
Toms River, New Jersey

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

**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**

**Exhibit A
Sheet 1 of 2**

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash	\$ 8,816,038.83	\$ 9,689,060.66
Cash - Change Fund	1,600.00	3,600.00
	<u>8,817,638.83</u>	<u>9,692,660.66</u>
Federal Emergency Management Receivable	690,661.49	690,661.49
	<u>9,508,300.32</u>	<u>10,383,322.15</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	1,404,460.92	1,030,938.02
Tax Title Liens Receivable	1,157,236.31	1,091,188.14
Property Acquired for Taxes	6,179,600.00	6,179,600.00
Revenue Accounts Receivable		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	119,799.43	162,740.97
Payroll	508,952.66	243,162.45
Grant Fund	564,532.03	395,602.05
	<u>9,949,783.66</u>	<u>9,124,299.11</u>
Deferred Charges:		
Budget Overexpenditures	54,721.29	
FEMA Community Disaster Loan (Memo)	5,211,095.89	5,211,095.89
Special Emergency Authorizations (40A:4-55)	231,599.94	434,920.29
	<u>5,497,417.12</u>	<u>5,646,016.18</u>
	<u>24,955,501.10</u>	<u>25,153,637.44</u>
<u>Grant Fund</u>		
Grants Receivable	2,505,831.24	1,854,464.57
	<u>2,505,831.24</u>	<u>1,854,464.57</u>
	<u>\$ 27,461,332.34</u>	<u>\$ 27,008,102.01</u>

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

**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**

**Exhibit A
Sheet 2 of 2**

	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>		
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	4,718.43	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)	5,211,095.89	5,211,095.89
Interfunds:		
General Capital Fund	382,793.34	928.00
	<u>8,920,842.12</u>	<u>10,228,115.56</u>
Reserve for Receivables and Other Assets	9,949,783.66	9,124,299.11
Fund Balance	6,084,875.32	5,801,222.77
	<u>24,955,501.10</u>	<u>25,153,637.44</u>
<u>Grant Fund</u>		
Interfund - Current Fund	564,532.03	395,602.05
Reserve for Encumbrances	488,864.64	84,598.18
Appropriated Reserves	1,452,434.57	1,374,264.34
	<u>2,505,831.24</u>	<u>1,854,464.57</u>
	<u>\$ 27,461,332.34</u>	<u>\$ 27,008,102.01</u>

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

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

Exhibit A-1
Sheet 1 of 2

	<u>Year 2018</u>	<u>Year 2017</u>
<u>Revenue and Other Income Realized</u>		
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		3,559.95
Grant Fund Cancellation of Balances		318,576.51
Total Income	<u>123,981,479.86</u>	<u>123,020,041.48</u>
<u>Expenditures</u>		
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
Judgments		
	<u>43,748,284.19</u>	<u>43,702,674.62</u>
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		319,221.38
Reserve for Miscellaneous Accounts Receivable	3,340.07	
Prior Year Balance Adjustment	96,642.27	
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		28,067.20
Total Expenditures	<u>121,107,548.60</u>	<u>119,350,296.74</u>

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

**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**

**Exhibit A-1
Sheet 2 of 2**

	<u>Year 2018</u>	<u>Year 2017</u>
Excess/(Deficit) in Revenue	\$ 2,873,931.26	\$ 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	<u>2,928,652.55</u>	<u>3,669,744.74</u>
Fund Balance January 1	5,801,222.77	4,164,228.03
	<u>8,729,875.32</u>	<u>7,833,972.77</u>
Decreased by:		
Utilization as Anticipated Revenue	<u>2,645,000.00</u>	<u>2,032,750.00</u>
Fund Balance December 31	<u>\$ 6,084,875.32</u>	<u>\$ 5,801,222.77</u>

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

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

Exhibit A-2
Sheet 1 of 3

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 2,645,000.00	\$ -	\$ 2,645,000.00	\$ -
Fund Balance Anticipated with Prior Consent of the Director of Local Government Services	-	-	-	-
	<u>2,645,000.00</u>	<u>-</u>	<u>2,645,000.00</u>	<u>-</u>
<u>Miscellaneous Revenues</u>				
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 Alcohol and Drug Abuse	31,388.00	-	31,388.00	-

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

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

Exhibit A-2
Sheet 2 of 3

	Anticipated Budget	Special N.J.S. 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

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

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

**Exhibit A-2
Sheet 3 of 3**

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	<u>77,901,216.30</u>
Balance for Support of Municipal Budget	
Appropriations	31,960,489.14
Add: Appropriation "Reserve for Uncollected Taxes"	<u>2,552,725.44</u>
 Amount for Support of Municipal Budget	
Appropriations	<u><u>\$ 34,513,214.58</u></u>
 Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 1,055,775.13
Tax Title Lien Collections	<u>139,464.86</u>
	<u><u>\$ 1,195,239.99</u></u>

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	<u>23,884.50</u>
	<u><u>\$ 139,906.15</u></u>

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

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

Exhibit A-3

	Appropriated		Expended		Unexpended Balance Cancelled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
OPERATIONS WITHIN CAPS						
<u>General Government Functions</u>						
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	-	-	-

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

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

Exhibit A-3

	Appropriated		Budget After Modification	Expended		Unexpended Balance Cancelled	Over- Expended
	Budget			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							
Salaries and Wages	500.00		500.00	-	500.00	-	-
Other Expenses							
Senior Citizens Advisory Committee							
Salaries and Wages	300.00		300.00	300.00	-	-	-
Other Expenses	-		-	-	-	-	-
Waterways Advisory Committee							
Salaries and Wages	1,000.00		1,318.90	1,318.90	-	-	-
Other Expenses							
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	-	-

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

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

Exhibit A-3

	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						
Salaries and Wages		-	-	-	-	-
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	-	-

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

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

Exhibit A-3

	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	-	-	-
<u>Parks and Recreation</u>						
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	-	-	-
<u>Utilities and Bulk Purchases</u>						
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	-	-
<u>Landfill/Solid Waste</u>						
Landfill/Solid Waste Disposal Costs						
Other Expenses/Tipping	1,600,000.00	1,820,858.83	1,859,538.43	0.00	-	38,679.60
<u>Judgements</u>						
Judgements						
Other Expenses	100,000.00	81,808.73	81,808.73	-	-	-
<u>Code Enforcement and Administration</u>						
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
<u>Detail:</u>						
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

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

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

Exhibit A-3

DEFERRED CHARGES AND STATUTORY EXPENDITURES

WITHIN CAPS

Deferred Charges

Prior Year Bills:

State of NJ Bureau of Fire Code Enforcement 9/16/14
State of NJ Bureau of Fire Code Enforcement 10/16/15
Meridian Occupational Health PC - 3/20/14
Meridian Occupational Health PC - 3/27/14
Dasti, Murphy, McGuckin, Ulaky, Cherkos & Connors - 11/2/15
Dasti, Murphy, McGuckin, Ulaky, Cherkos & Connors - 11/13/15
Worknet - 4/16/16

Statutory Expenditures

Contribution to:

Social Security System
Police and Firemen's Retirement System of NJ
Defined Contribution Retirement Program
Public Employee Retirement System
Total Deferred Charges and Statutory Expenditures within Caps
Total Appropriations within Caps

OPERATIONS EXCLUDED FROM CAPS

Length of Service Awards Program (N.J.A.C. 5:30-14.25)

Other Expenses
Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc))
Salaries and Wages
Other Expenses
Recycling Enhancement Act (P.L. 2007 c.311)
Other Expenses

Interlocal Municipal Service Agreements

Central Regional Board of Education - Fuel
Other Expenses
Ocean County Social Services - Relocation Expenses
Other Expenses
Fire Protection - South Toms River
Other Expenses
Ocean County - Animal Control
Other Expenses
Animal Control - Pine Beach, South Seaside Park, Ocean Gate
Other Expenses
Berkeley Board of Education - Fuel
Other Expenses
Ocean Gate Borough - Financial Services
Other Expenses
Central Regional Board of Education - Recreation
Other Expenses
Central Regional Board of Education - Trash Removal
Other Expenses

Appropriated		Expended		Unexpended Balance Cancelled	Over- Expended
Budget	Budget After Modification	Paid or Charged	Reserved		
\$	\$	\$	\$	\$	\$
132.00	132.00	132.00	-	-	-
132.00	132.00	132.00	-	-	-
153.70	153.70	153.70	-	-	-
79.50	79.50	79.50	-	-	-
585.00	585.00	585.00	-	-	-
91.00	91.00	91.00	-	-	-
176.40	176.40	176.40	-	-	-
1,315,000.00	1,315,000.00	1,279,320.48	35,679.52	-	-
1,724,591.00	1,727,577.12	1,727,577.12	-	-	-
3,600.00	3,600.00	749.65	2,850.35	-	-
1,062,550.52	1,077,112.19	1,077,112.19	-	-	-
4,107,091.12	4,124,638.91	4,086,109.04	38,529.87	-	-
35,373,644.16	35,372,610.05	34,592,585.69	834,745.65	-	54,721.29
210,000.00	210,000.00	163,904.00	46,096.00	-	-
173,725.00	174,569.85	174,569.85	-	-	-
60,000.00	60,189.26	60,189.26	-	-	-
82,078.44	82,078.44	51,687.15	30,391.29	-	-
100,000.00	100,000.00	100,000.00	-	-	-
1,000.00	1,000.00	-	1,000.00	-	-
26,500.00	26,500.00	25,341.00	1,159.00	-	-
15,000.00	15,000.00	-	15,000.00	-	-
11,898.33	11,898.33	11,898.33	-	-	-
60,000.00	60,000.00	60,000.00	-	-	-
45,833.33	45,833.33	45,833.33	-	-	-
35,000.00	35,000.00	35,000.00	-	-	-
42,000.00	42,000.00	42,000.00	-	-	-

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

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

Exhibit A-3

	Appropriated		Expended		Unexpended Balance Cancelled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
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						
Other Expenses						
CDBG Roadway & Drainage for Jamaica Blvd	91,496.05	91,496.05	91,496.05	-	-	-
NJ Sandy Recovery-So.SSPK Ngrbrhd Plan	30,000.00	30,000.00	30,000.00	-	-	-
NJEDA HDSRF Public Entity Post Sandy	-	34,000.00	34,000.00	-	-	-
NJ Sandy Recovery Plnng. Master Plan	-	-	-	-	-	-
NJ Sandy Recovery-Coastal Ngrbrhd. Rslncy	-	-	-	-	-	-
Distracted Driving Grant 2018	-	-	-	-	-	-
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	-	-	-
Matthew Tarentino Grant-Other Expenses	-	-	-	-	-	-
CDBG Roadway & Drainage-Other Expenses	-	-	-	-	-	-
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	<u>2,218,995.15</u>	<u>2,332,593.76</u>	<u>2,174,458.12</u>	<u>158,135.64</u>	<u>-</u>	<u>-</u>
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	-	-	-
Ord #10-31	-	-	-	-	-	-
Total Capital Improvements excluded from Caps	<u>800,000.00</u>	<u>800,000.00</u>	<u>800,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Exhibit A-3

	\$	\$	\$	\$	\$	\$	\$	\$	\$
Payment of Bond Principal	3,330,000.00	3,330,000.00	3,330,000.00	3,330,000.00	3,330,000.00	-	-	-	\$
Interest on Bonds	1,094,427.92	1,094,427.92	1,094,427.92	1,094,427.92	1,094,427.90	0.02			
Interest on Notes	431,342.02	431,342.02	431,342.02	431,342.02	431,342.02	-			
NJEIT:									
Loan Repayments for Principal and Interest	129,467.89	129,467.89	129,467.89	129,468.82	129,468.82	199.07			
Total Municipal Debt Service excluded from Caps	4,985,237.83	4,985,237.83	4,985,237.83	4,985,038.74	4,985,038.74	199.09			
DEFERRED CHARGES EXCLUDED FROM CAPS									
Special Emergency Authorizations - 5 Years									
(N.J.S. 40A:4-55)	-	-	-	-	-	-	-	-	
Special Emergency Authorizations - From 2012	-	-	-	-	-	-	-	-	
Special Emergency Authorizations - From 2013	89,389.71	89,389.71	89,389.71	89,389.71	89,389.71	-	-	-	
Special Emergency Authorizations - From 2014	48,405.36	48,405.36	48,405.36	48,405.36	48,405.36	-	-	-	
Special Emergency Authorizations - From 2015	13,381.25	13,381.25	13,381.25	13,381.25	13,381.25	-	-	-	
Special Emergency Authorizations - From 2016	52,144.03	52,144.03	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	-	-	-	-	-	170,000.00
Total Deferred Charges excluded from Caps	673,320.35	673,320.35	673,320.35	203,320.35	203,320.35	300,000.00	-	-	300,000.00
Total General Appropriations excluded from Caps	8,677,553.33	8,791,151.94	8,791,151.94	8,162,817.21	8,162,817.21	470,000.00	-	-	470,000.00
Subtotal General Appropriations	44,051,197.49	44,163,761.99	44,163,761.99	42,755,402.90	42,755,402.90	470,199.09	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	2,552,725.44	2,552,725.44	-	-	-	-
Total General Appropriations	\$ 46,603,922.93	\$ 46,716,487.43	\$ 46,716,487.43	\$ 45,308,128.34	\$ 45,308,128.34	\$ 470,199.09	\$ 992,881.29	\$ 470,199.09	\$ 54,721.29

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
	<hr/>
	\$ 45,308,128.34

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

OTHER TRUST FUND

Exhibit B

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
<u>Animal Control Trust Fund</u>		
Cash	\$ 7,762.57	\$ 343.13
<u>Other Trust Fund</u>		
Cash	6,242,780.52	7,667,454.61
Due From Regional School District		10,057.50
Due From Local School District		16,753.75
	<u>6,242,780.52</u>	<u>7,694,265.86</u>
Length of Service Awards Program Fund (LOSAP) - Unaudited:		
Funds Held by Trustee	<u>2,419,116.94</u>	<u>2,136,031.42</u>
	<u>\$ 8,669,660.03</u>	<u>\$ 9,830,640.41</u>
<u>Liabilities and Reserves</u>		
<u>Animal Control Trust Fund</u>		
Reserve for Animal Control Trust Fund	\$ 7,196.77	\$ 341.93
Due to State of New Jersey	565.80	1.20
	<u>7,762.57</u>	<u>343.13</u>
<u>Other Trust Fund</u>		
Interfund		
Current Fund	119,799.43	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
	<u>6,242,780.52</u>	<u>7,694,265.86</u>
Length of Service Awards Program Fund (LOSAP) - Unaudited:		
Funds Held by Trustee	<u>2,419,116.94</u>	<u>2,136,031.42</u>
	<u>\$ 8,669,660.03</u>	<u>\$ 9,830,640.41</u>

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

TOWNSHIP OF BERKELEY- COUNTY OF OCEAN

GENERAL CAPITAL FUND

Exhibit C

COMPARATIVE STATEMENT OF ASSETS, LIABILITIES,

RESERVES AND FUND BALANCE - REGULATORY BASIS

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash	\$ 7,694,343.20	\$ 5,623,557.64
Deferred Charges to Future Taxation:		
Funded	44,446,462.64	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
	<u>\$ 63,695,769.00</u>	<u>\$ 58,178,898.79</u>
 <u>Liabilities, Reserves and Fund Balance</u>		
Capital Improvement Fund	\$ 45,515.97	\$ 36,483.97
Reserve for Debt Service	111,138.10	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	
	<u>\$ 63,695,769.00</u>	<u>\$ 58,178,898.79</u>

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

PAYROLL FUND

Exhibit G

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2018 AND 2017

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

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

TOWNSHIP OF BERKELEY - COUNTY OF OCEAN

GENERAL FIXED ASSETS ACCOUNT GROUP

Exhibit H

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES

REGULATORY BASIS

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
General Fixed Assets:		
Land	\$ 6,245,007.50	\$ 6,245,007.50
Buildings and Improvements	7,625,923.00	7,625,923.00
Machinery and Equipment	<u>31,114,204.39</u>	<u>30,728,679.42</u>
	<u>\$ 44,985,134.89</u>	<u>\$ 44,599,609.92</u>
Investment in General Fixed Assets	<u>\$ 44,985,134.89</u>	<u>\$ 44,599,609.92</u>

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

**TOWNSHIP OF BERKELEY
COUNTY OF OCEAN**

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

This page intentionally left blank.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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.

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

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.

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

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.

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

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 rates 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.

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

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 Township’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.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

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	\$ 2,254,915.09
Uninsured and Uncollateralized	<u>21,202,171.04</u>
	<u><u>\$ 23,457,086.13</u></u>

Investments

The Township had no investments as of December 31, 2018.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	<u>\$ 2.160</u>	<u>\$ 2.080</u>	<u>\$ 2.069</u>
Apportionment of Tax Rate:			
Municipal	0.646	0.618	0.618
Municipal Open Space	0.010	0.010	0.010
County General	0.437	0.429	0.419
Local School	0.601	0.587	0.586
Regional School	0.466	0.436	0.436

Assessed Valuation

<u>Year</u>	<u>Amount</u>
2018	\$ 5,136,193,690.00
2017	5,107,714,648.00
2016	5,119,435,600.00

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 3. Property Taxes (continued)

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2018	111,672,917.87	109,861,705.44	98.38%
2017	106,734,982.15	105,315,779.03	98.67%
2016	106,331,265.00	103,711,457.00	97.53%

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2018	1,157,236.31	1,404,460.92	2,561,697.23	2.29%
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:

<u>Year</u>	<u>Amount</u>
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:

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 5. Fund Balances Appropriated (continued)

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
Current Fund:			
2018	6,084,875.32	\$ 2,710,000.00	44.54%
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:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,193,284.12	\$ 382,793.34
Grant Fund	-	564,532.03
Trust Other Fund		434,689.33
General Capital Fund	410,293.34	
Payroll Fund	287,389.90	508,952.66
	<u>\$ 1,890,967.36</u>	<u>\$ 1,890,967.36</u>

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:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Current Fund	\$ 2,720,190.17	\$ 2,710,276.86
Grant Fund	1,639,293.43	1,808,223.41
Trust Other Fund	772,468.44	710,430.65
General Capital Fund	552,782.95	170,917.61
Payroll Fund	854,049.59	1,138,936.05
	<u>\$ 6,538,784.58</u>	<u>\$ 6,538,784.58</u>

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

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 <u>Jan. 1, 2018</u>	<u>Additions</u>	Balance <u>Dec. 31, 2018</u>
Land	\$ 6,245,007.50	\$ -	\$ 6,245,007.50
Buildings and Improvements	7,625,923.00	-	7,625,923.00
Machinery and Equipment	<u>30,728,679.42</u>	<u>385,524.97</u>	<u>31,114,204.39</u>
	<u>\$ 44,599,609.92</u>	<u>\$ 385,524.97</u>	<u>\$ 44,985,134.89</u>

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:

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 9. Municipal Debt (continued)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Issued:			
General:			
Bonds, Notes and Loans	\$ 55,188,746.41	\$ 49,707,601.15	\$ 45,364,155.00
 Total Debt Issued	<u>55,188,746.41</u>	<u>49,707,601.15</u>	<u>45,364,155.00</u>
 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	<u>522,501.00</u>	<u>2,386,644.00</u>	<u>1,948,355.00</u>
 Total Gross Debt	<u><u>\$ 55,711,247.41</u></u>	<u><u>\$ 52,094,245.15</u></u>	<u><u>\$ 47,312,510.00</u></u>
 Deductions:			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	\$ 111,138.10	\$ 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	<u>842,779.65</u>	<u>908,062.09</u>	<u>1,120,365.00</u>
 Total Net Debt	<u><u>\$ 54,868,467.76</u></u>	<u><u>\$ 51,186,183.06</u></u>	<u><u>\$ 46,192,145.00</u></u>

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:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 7,180,000.00	\$ 7,180,000.00	\$ -
Regional School District Debt	1,173,000.00	1,173,000.00	-
General Debt	55,711,247.41	842,779.65	54,868,467.76
	<u><u>\$ 64,064,247.41</u></u>	<u><u>\$ 9,195,779.65</u></u>	<u><u>\$ 54,868,467.76</u></u>

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

Note 9. Municipal Debt (continued)

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

Net Debt \$54,868,467.76 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	<u>54,868,467.76</u>
 Remaining Borrowing Power	 <u><u>\$ 135,062,207.08</u></u>

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%	<u>19,955,000</u>
	\$ <u><u>42,669,000</u></u>

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
	<u>\$ 42,669,000.00</u>	<u>\$ 8,151,301.25</u>	<u>\$ 50,820,301.25</u>

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:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2018</u>
Series 2018A	5/16/2018	5/16/2019	3.00%	<u>\$ 10,432,530.00</u>

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.

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 194,792.06	\$ 21,612.50	\$ 22,387.50
2020	196,823.65	18,462.50	19,087.50
2021	183,109.71	15,012.50	15,337.50
2022	121,516.60	11,412.50	11,412.50
2023	119,687.17	9,812.50	9,812.50
2024-2028	504,250.87	26,242.76	24,775.00
2029	20,000.00	217.76	400.00
Deobligated	(46,509.99)	-	
	<u>\$ 1,293,670.07</u>	<u>\$ 102,773.02</u>	<u>\$ 103,212.50</u>

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

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:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
	<hr/>		
	\$ 793,546.34	\$ 106,940.73	\$ 900,487.07
	<hr/>		

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

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 <u>Jan. 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>Dec. 31, 2018</u>	Due Within <u>One Year</u>
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	10,432,230.00
Green Trust Loans	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
	<u>\$ 49,707,601.15</u>	<u>\$ 30,697,283.77</u>	<u>\$ 25,216,138.51</u>	<u>\$ 55,188,746.41</u>	<u>\$ 15,179,283.42</u>

	Balance <u>Jan. 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	Balance <u>Dec. 31, 2017</u>	Due Within <u>One Year</u>
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 Loans	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
	<u>\$ 45,364,154.70</u>	<u>\$ 21,627,177.00</u>	<u>\$ 17,283,730.55</u>	<u>\$ 49,707,601.15</u>	<u>\$ 25,219,138.51</u>

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, 2018 the following deferred charges are shown on the statement of assets, liabilities, reserves and fund balances of the following funds:

<u>Description</u>	Balance <u>Dec. 31, 2018</u>	Required to be Raised as 2019 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)			
2014 Contractually Required Liabilities	\$ 48,405.36	\$ 4,845.36	\$ -
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
Budget Overexpenditures	54,721.29	54,721.29	

See independent accountant's compilation report.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

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:

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2018</u>	<u>2017</u>
Total Balance of Local Tax	14,637,921.01	\$ 14,219,411.01
Deferred Taxes	<u>14,637,821.01</u>	<u>14,219,411.01</u>
Local Tax Payable	<u>\$ 100.00</u>	<u>\$ -</u>

<u>Regional Tax</u>	<u>Balance, December 31,</u>	
	<u>2018</u>	<u>2017</u>
Total Balance of Regional Tax	11,726,048.59	\$ 10,871,541.87
Deferred Taxes	<u>11,726,048.59</u>	<u>10,871,541.87</u>
Regional Tax Payable	<u>\$ -</u>	<u>\$ -</u>

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, 2018.

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.

TOWNSHIP OF BERKELEY
NOTES TO FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2018

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 Township's accrued interest at December 31, 2017 is \$211,095.89.

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 submitted application 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 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 19, 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.

See independent accountant's compilation report.

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

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 in the aggregate principal amount of \$_____ (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: _____, 2019

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

By: _____
FREDERICK C. EBENAU,
Chief Financial Officer

APPENDIX D
FORM OF BOND COUNSEL'S OPINION



Trenton Office
428 River View Plaza
Trenton, NJ 08611
Phone 609-278-1900
Fax 609-278-9200

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

glucklaw.com

Reply to:

Red Bank Office

Meghan Bennett Clark

Direct Dial: 732-530-8822

Mclark@glucklaw.com

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

May ___, 2019

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

**RE: Township of Berkeley, County of Ocean, New Jersey
\$_____ Bond Anticipation Notes, Series 2019A**

Dear Members of the Township Council:

We have examined a record of the proceedings relating to the issuance of \$_____ Bond Anticipation Notes, Series 2019A (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 ___, 2019, mature May ___, 2020, and bear interest at the rate of _____ per centum (____%) 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, along with other available funds of the Township in the amount of \$530, are being issued to: (i) currently refund the Township's bond anticipation notes originally issued in the amount of \$10,432,530, dated May 16, 2018 and maturing May 16, 2019; (ii) temporarily finance the cost of various general capital improvements to be undertaken in and by the Township in the amount of \$6,503,000; 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 and corporations. 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,