

**NEW ISSUE  
BOOK-ENTRY ONLY**

**Rating (Bonds): S&P “AA-”**  
**Rating (Notes): S&P “SP-1+”**  
 (See “RATINGS” herein)

*In the opinion of GluckWalrath LLP, Bond Counsel, assuming continuing compliance by the Township with certain covenants described herein and with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”) applicable to the Bonds and the Notes, under statutes and court decisions existing on the date of original delivery of the Bonds and the Notes, interest on the Bonds and Notes is excluded from gross income of the holders of the Bonds and Notes for federal income tax purposes under Section 103 of the Code. In the further opinion of Bond Counsel, interest on the Bonds and the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals or corporations. No other opinion is expressed regarding other federal tax consequences arising with respect to the Bonds and the Notes. Further, in the opinion of Bond Counsel, under the laws of the State of New Jersey, as enacted and construed on the date of original delivery of the Bonds and the Notes, interest on the Bonds and the Notes and any gain from the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.*

**\$21,627,000\***  
**TOWNSHIP OF BERKELEY**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES 2018**  
**(Callable)**

**Dated: Date of Delivery**  
**Due: May 15, as shown on the inside front cover**

**\$10,432,000**  
**TOWNSHIP OF BERKELEY**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**  
**BOND ANTICIPATION NOTES, SERIES 2018A**  
**Coupon: \_\_\_\_% Yield: \_\_\_\_%**  
**(Non-Callable)**

**Dated: Date of Delivery**  
**Due: May 15, 2019**

The \$21,627,000\* aggregate principal amount of General Obligation Bonds, Series 2018 (the “Bonds”) are general obligations of the Township of Berkeley, in the County of Ocean, State of New Jersey (the “Township”) for which the full faith and credit of the Township are pledged. The Township is authorized and required by law to levy ad valorem taxes on all taxable property within the Township without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

The \$10,432,000 Bond Anticipation Notes, Series 2018A of the Township (the “Notes”), dated the date of delivery, are also general obligations of the Township, payable in the first instance from the proceeds of the sale of the bonds in anticipation of the issuance of which the Notes are issued, but if not so paid or if not paid from other sources, are payable ultimately from ad valorem taxes levied upon all the taxable property within the Township for the payment of the Notes and the interest thereon without limitation as to rate or amount.

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

The Bonds shall bear interest from the date of delivery thereof, payable semi-annually on May 15 and November 15 of each year, commencing November 15, 2018, at such rates of interest as shown on the inside front cover hereof until maturity or prior redemption. The Bonds will be payable as to principal upon presentation and surrender thereof at the offices of the Township or a duly designated paying agent. Interest on the Bonds will be paid by check, draft or wire transfer mailed, delivered or transmitted by the Township to the registered owner thereof as of the Record Dates (as defined herein).

The Notes will bear interest at the rate per annum and reoffering yield, as shown above, commencing from their date of delivery. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent at maturity. While DTC is acting as securities depository for the Bonds and the Notes, the principal of and interest on the Bonds and the Notes will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payments to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such principal and interest payments to the Beneficial Owners of the Bonds or the Notes. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), various bond ordinances duly adopted by the Township Council on the dates set forth herein and by a resolution duly adopted by the Township Council on March 26, 2018. The Notes are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, various bond ordinances duly adopted by the Township Council on the dates set forth herein.

Proceeds of the Bonds, along with other available funds of the Township, will be used to: (i) refund, on a current basis, and permanently finance the outstanding bond anticipation notes of the Township; and (ii) pay the costs associated with the issuance of the Bonds.

The Notes are being issued to: (i) temporarily finance the cost of various capital improvements in and by the Township; and (ii) pay the costs associated with the issuance of the Notes.

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

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

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

The Bonds and Notes are offered when, as and if issued and delivered subject to the approval of the legality thereof by GluckWalrath, LLP, Trenton and Red Bank, New Jersey, Bond Counsel, and certain other conditions. Phoenix Advisors, LLC, Bordentown, New Jersey has served as Municipal Advisor to the Township in connection with the issuance of the Bonds and Notes. Certain legal matters will be passed upon for the Township by the Township Attorney, George R. Gilmore, Esq., Toms River, New Jersey. It is anticipated that the Bonds and Notes will be available for delivery through DTC on or about May 16, 2018.

**Bids for the Bonds must be submitted on May 2, 2018 in conformance with the Full Notice of Sale for the Bonds which can be viewed in electronic format, along with this Preliminary Official Statement, on the website located at [www.munihub.com](http://www.munihub.com).**

**Bids for the Notes, in accordance with the Full Notice of Sale for the Notes, will be received by the Township on May 2, 2018.**

\* Preliminary, subject to change.

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

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

**\$21,627,000\* GENERAL OBLIGATION BONDS, SERIES 2018  
(Callable)**

<b><u>Maturity (May 15)</u></b>	<b><u>Principal Amounts*</u></b>	<b><u>Interest Rates</u></b>	<b><u>Yields</u></b>	<b><u>CUSIPs**</u></b>
2019	\$1,252,000	%	%	
2020	1,325,000			
2021	1,400,000			
2022	1,500,000			
2023	1,600,000			
2024	2,050,000			
2025	2,500,000			
2026	2,500,000			
2027	2,500,000			
2028	2,500,000			
2029	2,500,000			

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\*Preliminary, subject to change.

\*\* "CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP Numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Township does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**TOWNSHIP OF BERKELEY,  
IN THE COUNTY OF OCEAN, NEW JERSEY  
627 Pinewald-Keswick Road  
Bayville, NJ 08721  
(732) 244-7400**

**MAYOR**  
Carmen F. Amato

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

**TOWNSHIP ADMINISTRATOR**  
John Camera

**CHIEF FINANCIAL OFFICER/TREASURER**  
Frederick C. Ebenau

**TOWNSHIP CLERK**  
Beverly M. Carle

**TOWNSHIP ATTORNEY**  
George R. Gilmore, Esquire  
Toms River, New Jersey

**AUDITOR**  
Holman Frenia Allison, P.C.  
Medford, New Jersey

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

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

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

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## OFFICIAL STATEMENT

### RELATING TO

**\$21,627,000\***  
**TOWNSHIP OF BERKELEY**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**  
**GENERAL OBLIGATION BONDS, SERIES 2018**  
**(Callable)**

**\$10,432,000**  
**TOWNSHIP OF BERKELEY**  
**IN THE COUNTY OF OCEAN, NEW JERSEY**  
**BOND ANTICIPATION NOTES, SERIES 2018A**  
**(Non-Callable)**

### INTRODUCTION

This Official Statement, which includes the cover page, inside 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 \$21,627,000\* aggregate principal amount of General Obligation Bonds, Series 2018 (the “Bonds”) and \$10,432,000 Bond Anticipation Notes, Series 2018A (the “Notes”) of the Township.

### THE BONDS

#### General Description

The Bonds will be dated the date of delivery and will mature on May 15 in each of the years and in the principal amounts as shown on the inside cover page hereof. The interest on the Bonds will be payable semi-annually beginning November 15, 2018 and on each May 15 and November 15 thereafter. The record dates for the Bonds is each preceding May 1 and November 1, respectively (the “Record Dates”). The Bonds will be issued in book-entry form only. Interest on the Bonds is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

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

#### Redemption

The Bonds maturing prior to May 15, 2026 are not subject to optional redemption. The Bonds maturing on or after May 15, 2026 shall be subject to redemption at the option of the Township, in whole or in part, on any date on or after May 15, 2025 at a price of 100% of the principal amount being redeemed (the “Redemption Price”), plus unpaid accrued interest to the date fixed for redemption.

#### Notice of Redemption

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the Owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed Bond Registrar. So long as The Depository Trust Company (“DTC”) (or any successor thereto) acts as securities depository for the Bonds (“Securities Depository”), such Notice of Redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the depository

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\* Preliminary, subject to change.

to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Township; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

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

### **Authorization for the Issuance of the Bonds**

The Bonds are authorized by, and are issued pursuant to, the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq., as amended and supplemented (the “Local Bond Law”), and are authorized by various bond ordinances duly adopted by the Township Council of the Township on the dates set forth in the charts on the following pages and published and approved as required by law, and by a resolution duly adopted by the Township Council on March 26, 2018.

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

### **Purpose of the Bonds**

Proceeds of the Bonds, along with other available funds of the Township in the amount of \$177, will be used to: (i) refund, on a current basis, the \$21,627,177 bond anticipation notes, dated May 18, 2017 and maturing May 17, 2018 (the “Prior Notes”); and (ii) pay the costs associated with the issuance of the Bonds.

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

<b><u>Bond Ordinances</u></b>		
<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount of Prior Notes Being Refunded With Proceeds of the Bonds</b>
15-01-OAB	Various Capital Improvements and the Acquisition of Various Capital Equipment, finally adopted January 26, 2015	\$6,240,977
16-01-OAB	Various Capital Improvements and the Acquisition of Various Capital Equipment, finally adopted January 25, 2016	7,429,950

### Bond Ordinances

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount of Prior Notes Being Refunded With Proceeds of the Bonds</b>
17-09-OAB	Various Capital Improvements and the Acquisition of Various Capital Equipment, finally adopted February 27, 2017	<u>7,956,073</u>
<b>TOTAL BONDS:</b>		<b><u>\$21,627,000</u></b>

### **Payment of Bonds**

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

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

The Bonds are issuable only as fully registered bonds without coupons, and when issued will be in the form of one certificate per maturity and will be registered in the name of Cede & Co., as registered owner and nominee for DTC, New York, New York. DTC will act as Securities Depository for the Bonds. Principal of and interest on the Bonds will be payable by the Township or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchase of the Bonds will be made in book entry form, in the principal amount of \$5,000 or any integral multiple thereof, except that any amount of Bonds maturing in any one year in excess of the largest principal amount thereof equaling a multiple of \$5,000 will be in denominations of \$1,000 or any integral multiple thereof (or any necessary odd denomination). Under certain circumstances, such beneficial interests in the Bonds are exchangeable for one or more fully registered Bond certificates in authorized denominations. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. See "Book-Entry-Only System" herein.

## **THE NOTES**

### **General Description**

The Notes shall be dated and shall bear interest from their date of delivery and shall mature as shown on the cover of this Official Statement. The Notes shall bear interest at the rate as indicated on the cover of this Official Statement, payable upon maturity. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Notes will be issued as fully registered notes in book-entry only form, and when issued, and if required, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Principal of and interest on the Notes will be payable by the Township or a duly designated paying agent on the date of maturity by wire transfer of immediately available funds to DTC or its nominee. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000 or any integral multiple thereof, except that those Notes in excess of the largest principal amount thereof not equaling a multiple of \$5,000 shall be in denominations



of \$1,000 or any integral multiple thereof (or any necessary odd denomination), through book entries made on the books and records of DTC and its participants. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificate will be on deposit with DTC or with the Note Underwriter (as defined herein), if not registered with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and 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 purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Notes. See “BOOK-ENTRY-ONLY SYSTEM” herein.

### **Purpose of the Notes**

The Notes are being issued to: (i) temporarily finance the cost of various capital improvements in and by the Township in the amount of \$10,432,000; and (ii) pay the costs associated with the issuance of the Notes. The Notes and the improvements or purposes for which the Notes are to be issued have been authorized by bond ordinances duly adopted by the Township, which bond ordinances are described in the following table by ordinance number, description and date of final adoption, and the amount of Notes being issued:

### **Note Ordinances**

<b>Ordinance Number</b>	<b>Description and Date of Final Adoption</b>	<b>Amount</b>
12-14-OAB	Various Capital Improvements, finally adopted July 10, 2012	\$282,000
13-26-OAB	Various Capital Improvements, finally adopted July 8, 2013	1,382,000
14-03-OAB	Various Capital Improvements and the Acquisition of Various Capital Equipment, finally adopted February 24, 2014	200,000
18-01-OAB	Various Capital Improvements and the Acquisition of Various Capital Equipment, finally adopted February 26, 2018	<u>8,568,000</u>
<b>TOTAL NOTES:</b>		<b><u>\$10,432,000</u></b>

### **SECURITY FOR THE BONDS AND NOTES**

The Bonds and Notes are general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal, redemption premium, if any, and the interest on the

Bonds and Notes. The Township is required by law to levy *ad valorem* taxes on all taxable real property in the Township for the payment of the principal, redemption premium, if any, of and the interest on the Bonds and Notes, without limitation as to rate or amount.

### **The Township**

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

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

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds and Notes (if applicable), payment of principal and interest, and other payments on the Bonds and Notes (if applicable) to DTC Participants or Beneficial Owners (as each such term is hereinafter defined), confirmation and transfer of beneficial ownership interests in the Bonds and Notes and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations as to the completeness or accuracy of such information.

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

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

Purchases of the Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes on DTC's records. The ownership interest of each actual purchaser of the Bonds and Notes ("Beneficial Owner") is in turn to be recorded on the Direct

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

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds and Notes at any time by giving reasonable notice to the Township or its designated Paying Agent. Under such

circumstances, in the event that a successor depository is not obtained, Bond and Note certificates are required to be printed and delivered.

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

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

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

**SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE BONDS AND NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS AND NOTEHOLDERS OR REGISTERED OWNERS OF THE BONDS AND NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS AND NOTES.**

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

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

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

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

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

purposes, except for the issuance of refunding bonds. All bonds issued by the Township are general full faith and credit obligations.

### **Debt Limits**

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

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

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township, without approval of the Local Finance Board, to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

### **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.

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

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

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established

a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

### **Appropriation "CAP"**

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

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

The Division has advised that counties and municipalities must comply with both budget "CAP" and the tax levy limitation. Neither the tax levy limitation nor the "CAP" law, however, limits the obligation of the Township to levy ad valorem taxes upon all taxable property within the boundaries of the Township to pay debt service on bonds 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 Township. If such debt is in excess of the school district's debt limit and the remaining borrowing capacity of the Township, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

## **TAX MATTERS**

### **Federal Income Taxes**

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



the Code on individuals. GluckWalrath LLP, Trenton and Red Bank, New Jersey (“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, Bond Counsel is of the opinion that, under existing statutes and court decisions existing on the date of original delivery of the Bonds and Notes, interest on the Bonds and Notes are excluded from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Bond Counsel is further of the opinion that interest on the Bonds and Notes are not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals or corporations but that for taxable years that began on or before December 31, 2017, interest on the Bonds and Notes will be included in "adjusted current earnings" in computing alternative minimum taxable income for purposes of the alternative minimum tax imposed by the Code on certain corporations. The corporate alternative minimum tax has been repealed for taxable years beginning on or after January 1, 2018. See “Certain Federal Tax Considerations” below.

### **State Taxes**

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

### **Original Issue Premium**

The initial public offering price of certain Bonds and the Notes may be greater than the stated redemption price thereof at maturity (the “Premium Bonds” and the “Premium Notes”). The difference between the initial public offering price for the Premium Bonds or 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 a Premium Bonds and the Premium Notes through reductions in the holder’s tax basis for the Premium Bonds and 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 Bonds and the Premium Notes rather than creating a deductible expense or loss. Purchasers of the Bonds and 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 Bonds or Notes.

### **Original Issue Discount**

The initial public offering price of certain Bonds may be less than the stated redemption price thereof at maturity (each a “Discount Bond”). The difference between the initial public offering price for any such Discount Bond and the stated redemption price at maturity is “original issue discount.” For federal income tax purposes, original issue discount on a Discount Bond accrues to the original holder of the Discount Bond over the period of its maturity based on the constant yield method compounded annually as interest with the same tax exemption and alternative minimum tax status (if applicable) as regular interest. The accrual of original issue discount increases the holder’s tax basis in the Discount Bond for determining taxable gain or loss on the maturity, redemption, prior sale or other disposition of a Discount Bond. Purchasers of the Bonds should consult their tax advisors for an explanation of the accrual rules for original

issue discount and any other federal, state or local tax consequences of the purchase of Bonds with original issue discount.

### **Certain Federal Tax Considerations**

Ownership of the Bonds or Notes may result in collateral federal tax consequences to certain taxpayers, including, without limitation, financial institutions, S corporations with excess net passive income, property and casualty companies, individual recipients of social security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, foreign corporations that may be subject to the foreign branch profits tax, and taxpayers who may be deemed to have incurred indebtedness to purchase or carry the Bonds or Notes. Bond Counsel will express no opinion with respect to these or any other collateral tax consequences of the ownership of the Bonds or Notes. The nature and extent of the tax benefit to a taxpayer of ownership of the Bonds or Notes will generally depend upon the particular nature of such taxpayer or such taxpayer's own particular circumstances, including other items of income or deduction. Accordingly, prospective purchasers of the Bonds or Notes should consult their own tax advisors with respect to these and other collateral federal tax consequences resulting from ownership of the Bonds or Notes.

### **Backup Withholding**

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

### **Section 265 Qualification**

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

The Township is not designating the Bonds or 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.

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

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

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the

Bonds and Notes for federal or state income tax purposes, and thus on the value or marketability of the Bonds and Notes. This impact could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of interest on the Bonds and Notes from gross income of the owners thereof for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Bonds and Notes may occur. Prospective purchasers of the Bonds or 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 Bonds and Notes may affect the tax status of interest on the Bonds and Notes. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Bonds and Notes, or the interest thereon, if any action is taken with respect to the Bonds and Notes or the proceeds thereof upon the advice or approval of other counsel.

### **LEGALITY FOR INVESTMENT**

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

### **CONTINUING DISCLOSURE**

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

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: (i) operating data for the fiscal year ending December 31, 2012; (ii) audited financial information for the fiscal year ending December 31, 2012; and (iii) an annual debt statement for the fiscal year ending December 31, 2012. Additionally, the Township acknowledges that it previously failed to file event notices and late filing notices in connection with its timely filings of: (i) audited financial information; (ii) operating data; (iii) annual debt statement; and (iv) certain rating changes. 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.

## **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

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

## **LITIGATION**

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

## **MUNICIPAL BANKRUPTCY**

The undertakings of the Township should be considered with reference to Chapter 9 of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditors' rights and municipalities in general. Chapter 9 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 9 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 9 does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

### **CERTAIN REFERENCES**

The foregoing statements and descriptions of provisions of the New Jersey Constitution, the Local Bond Law and other laws of the State of New Jersey, the Federal Bankruptcy Code, the ordinances and the resolution of the Township and the Bonds and 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 and the resolution will be furnished by the Township on request.

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

### **CERTIFICATION OF OFFICIAL STATEMENT**

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

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

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

### **RATINGS**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned a rating of "AA-" to the Bonds and a rating of "SP-1+" to the Notes. Any desired explanation of the significance of such ratings should be obtained from the Rating Agency. There is no assurance that the ratings will pertain for any given period of time or that they will not be lowered or withdrawn entirely if, in the judgment of the Rating Agency, circumstances so warrant. Any downward revision or withdrawal of the ratings could have an adverse effect on the market price of the Bonds.

## **UNDERWRITING**

The Bonds have been purchased from the Township at a public sale by \_\_\_\_\_ (the "Bond Underwriter") at a price of \$ \_\_\_\_\_.

The Notes have been purchased from the Township at a public sale by \_\_\_\_\_ (the "Note Underwriter" and together with the Bond Underwriter, the "Underwriters") at a price of \$ \_\_\_\_\_.

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

The Note Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield stated on the front cover hereof.

## **MUNICIPAL ADVISOR**

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

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds and the Notes are subject to the approval of Bond Counsel to the Township, whose approving legal opinions will be delivered with respect to the Bonds and Notes substantially in the forms set forth as Appendix "E" and Appendix "F", respectively. Certain legal matters will be passed on for the Township by the Township Attorney.

## **FINANCIAL STATEMENTS**

Appendix "B" contains: (i) certain unaudited financial data of the Township extracted from the Annual Financial Statement prepared by the Township for the Township's fiscal year ending December 31, 2017; and (ii) certain audited financial data of the Township for the Township's fiscal year ending December 31, 2016. The audited financial data was extracted from the report prepared by Holman Frenia Allison, P.C., Medford, New Jersey, to the extent and for the period set forth in their report appearing in Appendix "B", and are included herein in reliance upon the authority of such firm.

### **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to the Township's Chief Financial Officer, 627 Pinewald-Keswick Road, Bayville, New Jersey 08721, telephone (732) 244-7400, or to its Municipal Advisor, Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey, telephone (609) 291-0130.

### **MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Bonds and Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of Bonds and 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.

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

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

By: \_\_\_\_\_  
Frederick C. Ebenau,  
Chief Financial Officer

Dated: May \_\_, 2018

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



## **INFORMATION REGARDING THE TOWNSHIP<sup>1</sup>**

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

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<sup>1</sup> 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”).

## **Pension Information**

Employees who are eligible to participate in a pension plan are enrolled in PERS, PFRS or the DCRP, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost. The Township's share of pension costs in 2017, which is based upon the annual billings received from the State, amounted to \$861,424 for PERS, \$1,505,072 for PFRS, and \$1,721 for 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:

	<b><u>Total Labor Force</u></b>	<b><u>Employed Labor Force</u></b>	<b><u>Total Unemployed</u></b>	<b><u>Unemployment Rate</u></b>
<b><u>Township</u></b>				
2017	15,923	14,925	998	6.3%
2016	15,952	14,882	1,070	6.7%
2015	15,929	14,660	1,269	8.0%
2014	15,994	14,507	1,487	9.3%
2013	16,049	14,219	1,830	11.4%
<b><u>County</u></b>				
2017	271,129	258,063	13,066	4.8%
2016	271,477	257,324	14,153	5.2%
2015	268,497	251,911	16,586	6.2%
2014	267,076	247,388	19,688	7.4%
2013	266,921	242,166	24,755	9.3%
<b><u>State</u></b>				
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%
2013	4,548,569	4,173,815	374,738	8.2%

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 2016)**

	<b><u>Township</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
Median Household Income	\$46,285	\$63,108	\$73,702
Median Family Income	66,147	78,935	90,757
Per Capita Income	31,025	31,903	37,538

Source: US Bureau of the Census, 2016 American Community Survey 5-Year Estimates

## **Population**

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

<b><u>Year</u></b>	<b><u>Township</u></b>		<b><u>County</u></b>		<b><u>State</u></b>	
	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>	<b><u>Population</u></b>	<b><u>% Change</u></b>
2016 Estimate	41,689	1.05%	592,497	2.76%	8,958,013	1.89%
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:

<b><u>Taxpayers</u></b>	<b><u>2017 Assessed Valuation</u></b>	<b><u>% of Total Assessed Valuation</u></b>
Hovchild Partnership LLC	\$31,876,200	0.62%
Plainfield Properties, LLC	28,289,800	0.55%
Quaker Malls	17,721,200	0.35%
Baywick Plaza	15,000,000	0.29%
Arlington Beach Company	14,919,400	0.29%
Berkeley Healthcare Assoc	11,500,000	0.23%
Millers Camp Inc	8,434,900	0.17%
Bay HSE c/o Bank NJ?NY Corp Trust	8,160,000	0.16%
BNJ Realty LLC	8,000,000	0.16%
Shar-A-Dee Apartments	<u>6,500,000</u>	<u>0.13%</u>
<b>Total</b>	<b><u>\$150,401,500</u></b>	<b><u>2.94%</u></b>

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

### **Comparison of Tax Levies and Collections**

<b><u>Year</u></b>	<b><u>Tax Levy</u></b>	<b><u>Current Year Collection</u></b>	<b><u>Current Year % of Collection</u></b>
2017U	\$106,734,982	\$105,440,652	98.79%
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%
2013	97,466,281	94,388,858	96.84%

U: Unaudited

Source: Annual Audit Reports of the Township and 2017 Annual Financial Statement

### **Delinquent Taxes and Tax Title Liens**

<b><u>Year</u></b>	<b><u>Amount of Tax Title Liens</u></b>	<b><u>Amount of Delinquent Tax</u></b>	<b><u>Total Delinquent</u></b>	<b><u>% of Tax Levy</u></b>
2017U	\$1,091,188	\$1,025,820	\$2,117,008	1.98%
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%
2013	592,522	2,757,789	3,350,311	3.44%

U: Unaudited

Source: Annual Audit Reports of the Township and 2017 Annual Financial Statement

### **Property Acquired by Tax Lien Liquidation**

<b><u>Year</u></b>	<b><u>Amount</u></b>
2017U	\$6,590,980
2016	6,590,980
2015	6,590,980
2014	6,590,980
2013	6,361,398

U: Unaudited

Source: Annual Audit Reports of the Township and 2017 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.

<b><u>Year</u></b>	<b><u>Municipal</u></b>	<b><u>Municipal Open Space</u></b>	<b><u>Local School</u></b>	<b><u>Regional School</u></b>	<b><u>County</u></b>	<b><u>Total</u></b>
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
2013	0.557	0.010	0.554	0.382	0.404	1.907

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

### **Valuation of Property**

<b><u>Year</u></b>	<b><u>Aggregate Assessed Valuation of Real Property</u></b>	<b><u>Aggregate True Value of Real Property</u></b>	<b><u>Ratio of Assessed to True Value</u></b>	<b><u>Assessed Value of Personal Property</u></b>	<b><u>Equalized Valuation</u></b>
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.

<b><u>Year</u></b>	<b><u>Vacant Land</u></b>	<b><u>Residential</u></b>	<b><u>Farm</u></b>	<b><u>Commercial</u></b>	<b><u>Industrial</u></b>	<b><u>Apartments</u></b>	<b><u>Total</u></b>
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
2013	127,151,900	4,586,354,860	711,900	294,670,400	24,462,500	58,553,100	5,091,904,660

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**

<b><u>Anticipated Revenues</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Fund Balance Utilized	\$0	\$1,413,000	\$833,000	\$2,401,129	\$2,032,750
Miscellaneous Revenues	13,651,765	8,358,730	10,674,328	9,575,650	9,591,599
Receipts from Delinquent Taxes	3,218,000	2,886,180	3,075,000	2,425,000	2,102,000
Amount to be Raised by Taxation	<u>28,397,666</u>	<u>30,557,735</u>	<u>30,611,767</u>	<u>31,614,008</u>	<u>31,566,482</u>
Total Revenue:	<u><u>\$45,267,431</u></u>	<u><u>\$43,215,645</u></u>	<u><u>\$45,194,095</u></u>	<u><u>\$46,015,787</u></u>	<u><u>\$45,292,831</u></u>

<b><u>Appropriations</u></b>					
General Appropriations	\$33,317,479	\$32,639,167	\$33,690,998	\$35,116,040	\$34,174,908
Operations (Excluded from CAPS)	1,545,510	1,335,793	1,996,704	1,822,020	2,354,822
Deferred Charges and Statutory Expenditures	1,340,369	1,427,756	1,476,169	1,487,544	1,454,659
Judgments	0	0	29,855	26,246	0
Capital Improvement Fund	320,000	520,000	330,000	400,000	425,000
Municipal Debt Service	4,148,392	4,152,990	4,219,014	3,786,333	4,511,998
Reserve for Uncollected Taxes	<u>4,595,680</u>	<u>3,139,939</u>	<u>3,451,355</u>	<u>3,377,604</u>	<u>2,371,443</u>
Total Appropriations:	<u><u>\$45,267,431</u></u>	<u><u>\$43,215,645</u></u>	<u><u>\$45,194,095</u></u>	<u><u>\$46,015,787</u></u>	<u><u>\$45,292,831</u></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.

<b><u>Year</u></b>	<b><u>Fund Balance - Current Fund</u></b>	
	<b><u>Balance</u></b> <b><u>12/31</u></b>	<b><u>Utilized in Budget</u></b> <b><u>of Succeeding Year</u></b>
2017U	\$6,147,597	N/A
2016	4,164,228	2,032,750
2015	3,582,772	2,401,129
2014	1,753,008	833,000
2013	2,373,336	1,413,000

U: Unaudited

Source: Annual Audit Reports of the Township and 2017 Annual Financial Statement

## **Township Indebtedness as of December 31, 2017**

### **General Purpose Debt**

Serial Bonds	\$26,044,000
Bond Anticipation Notes	21,627,177
Bonds and Notes Authorized but Not Issued	2,909,144
Other Bonds, Notes and Loans	2,036,424
Total:	<u>\$52,616,745</u>

### **Local School District Debt**

Serial Bonds	\$9,095,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$9,095,000</u>

### **Regional School District Debt**

Serial Bonds	\$1,258,303
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$1,258,303</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**

**\$62,970,048**

Less: Statutory Deductions	
General Purpose Debt	\$896,239
Local School District Debt	9,095,000
Regional School District Debt	1,258,303
Self-Liquidating Debt	0
Total:	<u>\$11,249,543</u>

### **TOTAL NET DEBT**

**\$51,720,506**

Source: Annual Debt Statement of the Township

**Overlapping Debt (as of December 31, 2017)<sup>2</sup>**

<b><u>Name of Related Entity</u></b>	<b><u>Related Entity Debt Outstanding</u></b>	<b><u>Township Percentage</u></b>	<b><u>Township Share</u></b>
Local School District	\$9,095,000	100.00%	\$9,095,000
Regional School District	1,848,000	68.09%	1,258,303
Berkeley Township Sewerage Authority	7,514,867	100.00%	8,322,029
Berkeley Township Municipal Utilities Authority	6,493,734	100.00%	6,493,734
Ocean County Utilities Authority	131,798,308	5.74%	7,565,223
County	486,340,607	5.48%	<u>26,628,743</u>
Net Indirect Debt			\$59,363,032
Net Direct Debt			<u>51,720,506</u>
Total Net Direct and Indirect Debt			<b><u>\$111,083,538</u></b>

**Debt Limit**

Average Equalized Valuation Basis (2015, 2016, 2017)	\$5,279,887,006
Permitted Debt Limitation (3 1/2%)	184,796,045
Less: Net Debt	<u>51,720,506</u>
Remaining Borrowing Power	<u>\$133,075,539</u>
Percentage of Net Debt to Average Equalized Valuation	0.980%
Gross Debt Per Capita based on 2010 population of 41,255	\$1,526
Net Debt Per Capita based on 2010 population of 41,255	\$1,254

Source: Annual Debt Statement of the Township

<sup>2</sup> 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 STATEMENTS OF THE TOWNSHIP**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
ENDED DECEMBER 31, 2017**



**TOWNSHIP OF BERKELEY  
COUNTY OF OCEAN**

**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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HOLMAN | FRENIA  
ALLISON, P.C.

*Certified Public Accountants & Consultants*

680 Hooper Avenue, Bldg B, Toms River, NJ 08753 • Tel: 732.797.1333

618 Stokes Road, Medford, NJ 08055 • Tel: 609.953.0612

912 Highway 33, Suite 2, Freehold, NJ 07728 • Tel: 732.409.0800

194 East Bergen Place, Red Bank, NJ 07701 • Tel: 732.747.0010

[www.hfacpas.com](http://www.hfacpas.com)

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

We have compiled the accompanying statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds and account group of the Township of Berkeley, County of Ocean, State of New Jersey as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance--regulatory basis for the years then ended, the related statements of revenues--regulatory basis, statement of expenditures--regulatory basis for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements.

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

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

As discussed in Note 1 to the financial statements, the Township prepares its financial statements using accounting practices that demonstrate compliance with regulatory basis of accounting and budget laws of the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey.

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

Respectfully submitted,

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

Rodney R. Haines  
Certified Public Accountant  
Registered Municipal Accountant  
CR #498

April 17, 2018  
Toms River, New Jersey

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## **BASIC FINANCIAL STATEMENTS**

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**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**Exhibit A  
Sheet 1 of 2**

	<u>2017</u>	<u>2016</u>
<b><u>Assets</u></b>		
Cash	\$ 9,694,608.70	\$ 6,824,114.70
Cash - Change Fund	3,600.00	3,600.00
	<u>9,698,208.70</u>	<u>6,827,714.70</u>
Federal Emergency Management Receivable	1,031,487.21	1,365,233.47
	<u>10,729,695.91</u>	<u>8,192,948.17</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	1,025,820.24	1,993,492.55
Tax Title Liens Receivable	1,104,746.04	1,041,729.40
Property Acquired for Taxes	6,590,979.58	6,590,979.58
Revenue Accounts Receivable	9,205.24	12,101.02
Due From Municipal Utility Authority	6,227.30	3,354.54
Trailer Fees Receivable	890.00	-
Debris Receivable	4,744.94	-
Interfunds:		
Trust Other Fund	162,740.97	33,372.60
Payroll	257,046.45	302,210.20
Grant Fund	395,602.05	-
	<u>9,558,002.81</u>	<u>9,977,239.89</u>
Deferred Charges:		
FEMA Community Disaster Loan (Memo)	5,211,130.32	5,161,095.89
Special Emergency Authorizations (40A:4-55)	434,920.29	1,889,579.76
	<u>5,646,050.61</u>	<u>7,050,675.65</u>
	<u>25,933,749.33</u>	<u>25,220,863.71</u>
<b><u>Grant Fund</u></b>		
Interfund - Current Fund	-	42,021.64
Grants Receivable	1,854,464.57	965,891.23
	<u>1,854,464.57</u>	<u>1,007,912.87</u>
	<u>\$ 27,788,213.90</u>	<u>\$ 26,228,776.58</u>

See independent accountant's compilation report and accompanying notes to the 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, 2017 AND 2016**

**Exhibit A  
Sheet 2 of 2**

	<u>2017</u>	<u>2016</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>		
Appropriation Reserves	\$ 537,592.56	\$ 1,648,009.48
Reserve for Encumbrances	465,646.36	572,852.54
Special Emergency Note Payable	-	1,200,000.00
Prepaid Taxes	3,725,787.94	1,438,245.38
Sales Tax Payable	1,230.40	1,477.50
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	3,379.42	3,382.05
County Taxes Payable	101,855.11	79,318.57
Tax Overpayments	4,899.65	82,412.34
Reserve for Contractually Required Severance	34,000.31	248,720.55
Reserve for Storm Damage	54,976.46	526,753.20
State of New Jersey (P.L. 1971, Ch. 20)	42,317.18	29,772.37
FEMA Community Disaster Loan (Memo)	5,211,130.32	5,161,095.89
Interfunds:		
General Capital Fund	928.00	928.00
Grant Fund	-	42,021.64
	<u>10,228,149.99</u>	<u>11,079,395.79</u>
Reserve for Receivables and Other Assets	9,558,002.81	9,977,239.89
Fund Balance	6,147,596.53	4,164,228.03
	<u>25,933,749.33</u>	<u>25,220,863.71</u>
<b><u>Grant Fund</u></b>		
Interfund - Current Fund	395,602.05	-
Reserve for Encumbrances	84,598.18	100,062.27
Appropriated Reserves	1,374,264.34	907,850.60
	<u>1,854,464.57</u>	<u>1,007,912.87</u>
	<u>\$ 27,788,213.90</u>	<u>\$ 26,228,776.58</u>

There were deferred school taxes on December 31, 2017 and 2016 of \$25,090,952.88 and \$24,670,506.63 respectively.

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**  
**CURRENT FUND**  
**STATEMENTS OF OPERATIONS AND CHANGE IN**  
**FUND BALANCE - REGULATORY BASIS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

	<u>Year 2017</u>	<u>Year 2016</u>
<b><u>Revenue and Other Income Realized</u></b>		
Fund Balance Utilized	\$ 2,032,750.00	\$ 2,329,129.00
Fund Balance Utilized with Prior Consent of Director of Local Government Services	-	72,000.00
Miscellaneous Revenue Anticipated	10,797,233.59	10,157,629.31
Receipts from Delinquent Taxes	2,254,867.62	2,185,070.04
Receipts from Current Taxes	105,440,651.56	103,711,457.38
Non-Budget Revenues	910,352.36	189,014.17
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,348,502.19	865,170.21
Expired Tax Sale Premiums	19,700.00	19,500.00
Miscellaneous Balance Adjustment	-	140.00
Prior Year Cancelled Checks	1,725.48	305.65
Grant Fund Cancellation of Balances	318,576.51	104,464.88
Total Income	<u>123,124,359.31</u>	<u>119,633,880.64</u>
<b><u>Expenditures</u></b>		
Budget Appropriations within Caps:		
Operations:		
Salaries and Wages	15,273,052.11	15,543,229.18
Other Expenses	14,881,917.51	15,976,607.22
Deferred Charges and Statutory Expenditures	3,924,842.67	3,856,923.38
Budget Appropriations excluded from Caps:		
Operations:		
Salaries and Wages	803,413.99	857,186.57
Other Expenses	2,347,704.12	1,156,119.18
Capital Improvements	509,211.00	400,000.00
Municipal Debt Service	4,507,873.75	3,785,241.76
Deferred Charges	1,454,659.47	1,487,543.82
Judgments	-	26,245.65
	<u>43,702,674.62</u>	<u>43,089,096.76</u>
Prior Year Senior Citizen Deductions Disallowed	60,315.07	107,116.37
Local District School Taxes	30,008,575.00	29,326,250.00
Regional School Taxes	21,821,096.75	21,965,322.48
County Taxes	21,981,895.46	21,587,910.93
Local Open Space Tax	513,149.75	513,837.90
Reserve for Miscellaneous Accounts Receivable	-	1,020.90
Grant Fund Cancellation of Balances	319,221.38	199,338.57
Interfund Loans Advanced	588,260.70	34,281.47
Cancellation of Prior Year Interest	278.40	-
Prior Year Tax Appeals	112,773.68	87,840.44
Total Expenditures	<u>119,108,240.81</u>	<u>116,912,015.82</u>

See independent accountant's compilation report and accompanying notes to the 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, 2017 AND 2016**

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

	<u>Year 2017</u>	<u>Year 2016</u>
Excess/(Deficit) in Revenue	\$ 4,016,118.50	\$ 2,721,864.82
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by		
Statute Deferred Charges to Budgets of		
Succeeding Years	-	260,720.15
Statutory Excess to Fund Balance	<u>4,016,118.50</u>	<u>2,982,584.97</u>
Fund Balance January 1	<u>4,164,228.03</u>	<u>3,582,772.06</u>
	8,180,346.53	6,565,357.03
Decreased by:		
Utilization as Anticipated Revenue	<u>2,032,750.00</u>	<u>2,401,129.00</u>
Fund Balance December 31	\$ <u><u>6,147,596.53</u></u>	\$ <u><u>4,164,228.03</u></u>

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



**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit A-2  
Sheet 1 of 3

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 2,032,750.00	\$ -	\$ 2,032,750.00	\$ -
<b><u>Miscellaneous Revenues</u></b>				
Licenses:				
Alcoholic Beverages	45,375.00	-	46,126.00	751.00
Other	4,275.00	-	4,840.00	565.00
Fees and Permits	387,350.00	-	513,498.66	126,148.66
Fines and Costs:				
Municipal Court	211,300.00	-	167,988.55	(43,311.45)
Interest and Costs on Taxes	520,350.00	-	485,238.59	(35,111.41)
Interest on Investments and Deposits	12,350.00	-	16,992.84	4,642.84
Beach Admission Fees	93,025.00	-	112,154.00	19,129.00
Municipal Golf Course	538,875.00	-	564,263.71	25,388.71
Water and Cable Franchise Fees	236,483.82	-	236,483.82	-
Hotel and Motel Occupancy Tax	27,350.00	-	27,756.08	406.08
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	-	6,070.09	(5,828.24)
Berkeley Board of Education Fuel Facilities	57,000.00	-	71,388.55	14,388.55
Central Regional Board of Education Fuel Facilities	100,000.00	-	127,191.83	27,191.83
Fire Protection	26,500.00	-	26,500.00	-
Central Regional Board Trash	42,000.00	-	63,000.00	21,000.00
Public and Private Programs:				
Municipal Alliance on Alcohol and Drug Abuse	31,388.00	-	31,388.00	-
HDSRF, Public Entity Grant Program	712,380.00	-	712,380.00	-
Hazard Discharge Site Remediation Municipal Grant Program	4,364.00	-	4,364.00	-
NJ Sandy Recovery-Post Sandy Planning Grant (South Seaside Park Neighborhood Plan)	50,000.00	-	50,000.00	-
NJ Sandy Recovery-Post Sandy Planning Grant (Master Plan)	20,000.00	-	20,000.00	-
NJ Sandy Recovery-Post Sandy Planning Grant (Coastal Neighborhoods Resiliency Plan)	50,000.00	-	50,000.00	-
NJ Sandy Recovery-Post Sandy Planning Grant (Community Rating System)	50,000.00	-	50,000.00	-

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Special Items of Revenue (Continued):				
Public and Private Programs (Continued):				
NJ Sandy Recovery-Post Sandy Planning Grant (Floodplain Management Capital Improvement Plan)	\$ 20,000.00	\$ -	\$ 20,000.00	\$ -
State of New Jersey Recycling Tonnage Grant	62,629.29	-	62,629.29	-
Bulletproof Vest Partnership Grant	-	4,461.18	4,461.18	-
U.S. Department of Homeland Security-FY2016 Elevation of Private Structure	-	558,174.56	558,174.56	-
County of Ocean - Ocean County Tourism Grant	-	833.00	833.00	-
State of New Jersey-Dept. of Law and Public Safety-Division of State Police-FY2018 NJ	-	26,071.90	26,071.90	-
Drunk Driving Enforcement Grant	-	10,445.92	10,445.92	-
Body Armor Fund	-	5,722.43	5,722.43	-
Office of the Attorney General-Det. Matthew L. Torentino Community Service Grant	-	9,449.00	9,449.00	-
Cops in Shop - College Summer Shore initiative 2017 Grant	-	1,400.00	1,400.00	-
CDBG Grant-Roadway and Drainage Improvements for Various Locations	-	31,000.00	31,000.00	-
NJDEP-Clean Communities Program Grant	-	126,853.40	126,853.40	-
Click It Or Ticket	-	5,500.00	5,500.00	-
Office of the Attorney General-2017 Distracted Driving Overtime Enforcement Grant	-	5,500.00	5,500.00	-
Other Special Items:				
Community Services Officer Program-Ambulance Service Fees	620,670.00	-	680,443.60	59,773.60
Health Care Coverage - Employee Percentage	501,500.00	-	705,132.97	203,632.97
Sale of Land	93,654.00	-	93,654.00	-
Capital Fund Reserve for Cash	332,212.72	-	332,212.72	-
Senior/Veteran Administration Fee	33,550.00	-	29,727.57	(3,822.43)
Surplus from the Berkeley Township Sewer Authority	410,000.00	-	410,000.00	-
Uniform Fire Safety Act	28,654.23	-	33,932.33	5,278.10
Total Miscellaneous Revenues	<u>9,591,599.39</u>	<u>785,411.39</u>	<u>10,797,233.59</u>	<u>420,222.81</u>
Receipts from Delinquent Taxes	2,102,000.00	-	2,254,867.62	152,867.62
Subtotal General Revenues	<u>13,726,349.39</u>	<u>785,411.39</u>	<u>15,084,851.21</u>	<u>573,090.43</u>
Amount to be Raised by Taxes for Support of Municipal Budget	31,566,481.97	-	33,066,931.74	1,500,449.77
Total General Revenues	<u>45,292,831.36</u>	<u>785,411.39</u>	<u>48,151,782.95</u>	<u>2,073,540.20</u>
Non-Budget Revenues	-	-	910,352.36	910,352.36
	<u>\$ 45,292,831.36</u>	<u>\$ 785,411.39</u>	<u>\$ 49,062,135.31</u>	<u>\$ 2,983,892.56</u>

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**Analysis of Realized Revenues**

Allocation of Current Tax Collections:	
Revenue from Collections	\$ 105,440,651.56
Allocated to:	
School, County Taxes and Municipal Open Space	<u>74,745,163.21</u>
Balance for Support of Municipal Budget	
Appropriations	30,695,488.35
Add: Appropriation "Reserve for Uncollected Taxes"	<u>2,371,443.39</u>
 Amount for Support of Municipal Budget	
Appropriations	<u><u>\$ 33,066,931.74</u></u>
 Receipts from Delinquent Taxes:	
Delinquent Tax Collections	\$ 2,053,910.50
Tax Title Lien Collections	<u>200,957.12</u>
	<u><u>\$ 2,254,867.62</u></u>

**Analysis of Non-Budget Revenue**

Cancelled DOT Grant	\$ 82,465.15
Refund of Prior Year Expenses	79,892.74
FEMA Reimbursement-Jonas	318,542.63
2015 Recycling Tonnage Grant	62,293.23
Township Auction Proceeds	1,088.65
Housing Authority PILOT	3,826.00
Recycling	49,615.07
Sale of Land	27,400.00
Non-Federal Share Program-FEMA 10%	278,665.40
Miscellaneous Other	<u>6,563.49</u>
	<u><u>\$ 910,352.36</u></u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Exhibit A-3**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b>OPERATIONS WITHIN CAPS</b>					
<b><u>General Government Functions</u></b>					
General Administration:					
Salaries and Wages	\$ 136,000.00	\$ 147,628.85	\$ 143,199.98	\$ 4,428.87	\$ -
Other Expenses	38,500.00	40,419.00	37,867.80	2,551.20	-
Human Resources:					
Salaries and Wages	128,449.00	132,190.31	128,685.79	3,504.52	-
Other Expenses	6,975.00	6,975.00	5,005.63	1,969.37	-
Office of the Mayor:					
Salaries and Wages	25,000.00	25,000.00	25,000.00	-	-
Other Expenses	1,600.00	1,600.00	1,589.93	10.07	-
Township Council:					
Salaries and Wages	89,500.00	89,500.00	89,500.00	-	-
Other Expenses	1,400.00	1,700.00	1,461.91	238.09	-
Municipal Clerk:					
Salaries and Wages	220,636.00	222,766.42	222,766.42	-	-
Other Expenses	19,200.00	19,900.00	16,900.09	2,999.91	-
Division of Information Technology:					
Salaries and Wages	55,155.00	54,293.53	54,293.53	-	-
Other Expenses	3,000.00	700.00	412.75	287.25	-
Office of the Treasurer:					
Salaries and Wages	354,058.00	318,057.99	316,720.94	1,337.05	-
Other Expenses	24,500.00	25,000.00	23,358.75	1,641.25	-
Audit Services:					
Other Expenses	55,400.00	54,830.00	53,733.40	1,096.60	-
Revenue Administration (Tax Collection):					
Salaries and Wages	264,459.00	275,313.45	275,313.45	-	-
Other Expenses	68,350.00	55,350.00	55,329.79	20.21	-
Tax Assessment Administration:					
Salaries and Wages	275,264.00	238,637.93	238,637.93	-	-
Other Expenses	16,975.00	17,275.00	17,001.91	273.09	-
Division of Purchasing:					
Salaries and Wages	35,500.00	35,171.70	35,171.70	-	-
Other Expenses	39,925.00	46,925.00	46,120.73	804.27	-
Legal Services:					
Other Expenses	340,000.00	320,000.00	292,302.07	27,697.93	-

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Appropriated</b>		<b>Expended</b>		<b>Unexpended Balance Cancelled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
Engineering Services:					
Other Expenses	160,000.00	192,897.85	186,283.57	6,614.28	-
Economic Development Agencies:					
Salaries and Wages	-	100.00	100.00	-	-
Other Expenses	700.00	800.00	672.13	127.87	-
Senior Citizens Advisory Committee:					
Salaries and Wages	200.00	300.00	300.00	-	-
Veterans Advisory Council:					
Other Expenses	500.00	100.00	-	100.00	-
Waterways Advisory Committee:					
Other Expenses	1,000.00	1,200.00	1,200.00	-	-
Municipal Court:					
Salaries and Wages	243,519.00	227,766.02	226,955.57	810.45	-
Other Expenses	7,900.00	8,900.00	8,746.10	153.90	-
Public Defender (P.L. 1997, c256):					
Other Expenses	25,000.00	34,000.00	27,889.98	6,110.02	-
<b>Land Use Administration</b>					
Planning Board / Director of Planning:					
Other Expenses	125,000.00	140,000.00	135,267.94	4,732.06	-
Planning Board:					
Salaries and Wages	14,626.00	14,485.44	14,485.44	-	-
Other Expenses	71,950.00	73,450.00	73,305.05	144.95	-
Division of Zoning:					
Salaries and Wages	86,774.00	75,774.00	75,723.20	50.80	-
Other Expenses	2,200.00	2,200.00	1,502.56	697.44	-
Zoning Board of Adjustment:					
Salaries and Wages	14,626.00	14,485.24	14,485.24	-	-
Other Expenses	28,400.00	28,400.00	22,587.97	5,812.03	-
<b>Insurances</b>					
General Liability	1,265,500.00	1,210,500.00	1,206,026.50	4,473.50	-
Workers Compensation	248,000.00	218,000.00	169,061.13	48,938.87	-
Employee Group Insurance	7,165,000.00	7,090,468.61	7,090,468.61	-	-
Unemployment Insurance	10,000.00	-	-	-	-

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Exhibit A-3**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
<b><u>Public Safety Functions</u></b>					
Police Department:					
Salaries and Wages	8,271,393.74	8,088,615.64	8,062,989.81	25,625.83	-
Other Expenses	416,500.00	414,500.00	413,337.71	1,162.29	-
Emergency Management:					
Salaries and Wages	1,000.00	1,000.00	981.43	18.57	-
Other Expenses	5,500.00	5,500.00	2,724.26	2,775.74	-
Aid to Volunteer Fire Companies:					
Salaries and Wages	15,000.00	15,000.00	15,000.00	-	-
Other Expenses	220,000.00	222,669.83	222,669.83	-	-
First Aid Contribution:					
Other Expenses	125,000.00	125,000.00	125,000.00	-	-
Fire Department:					
Salaries and Wages	114,605.77	88,406.45	88,120.63	285.82	-
Other Expenses	2,700.00	4,610.00	3,773.16	836.84	-
Uniform Fire Safety Act (P.L. 1983, Ch. 383):					
Salaries and Wages	28,654.23	28,654.23	28,654.23	-	-
Municipal Prosecutor:					
Other Expenses	45,000.00	55,000.00	44,787.50	10,212.50	-
<b><u>Public Works Functions</u></b>					
Streets and Roads Maintenance:					
Salaries and Wages	492,711.00	472,711.00	469,381.31	3,329.69	-
Other Expenses	247,250.00	254,750.00	253,658.67	1,091.33	-
Contractual	150,000.00	150,000.00	150,000.00	-	-
Other Public Works Functions/Signs, Maintenance:					
Salaries and Wages	92,020.00	89,520.00	88,686.79	833.21	-
Other Expenses	25,000.00	28,000.00	27,934.07	65.93	-
Other Public Works Functions/ Building Demolition:					
Other Expenses	10,000.00	-	-	-	-
Sanitation/Solid Waste Collection:					
Salaries and Wages	1,877,634.00	1,902,634.00	1,899,348.31	3,285.69	-
Other Expenses	166,000.00	166,000.00	162,039.05	3,960.95	-
Solid Waste Collection/Recycling:					
Salaries and Wages	338,258.71	378,258.71	377,479.73	778.98	-
Other Expenses	19,250.00	19,250.00	15,447.85	3,802.15	-
Buildings and Grounds:					
Salaries and Wages	259,971.00	216,654.41	216,598.39	56.02	-
Other Expenses	48,450.00	60,450.00	55,702.74	4,747.26	-

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Exhibit A-3

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Equipment Maintenance:					
Salaries and Wages	457,183.00	437,818.95	437,521.50	297.45	-
Other Expenses	31,250.00	31,250.00	22,363.52	8,886.48	-
<b>Health and Human Services</b>					
Environmental Health Services:					
Other Expenses	750.00	750.00	600.00	150.00	-
Animal Control Services:					
Salaries and Wages	124,198.00	115,198.00	115,198.00	-	-
Other Expenses	250.00	1,850.00	1,783.38	66.62	-
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	-	-
<b>Parks and Recreation</b>					
Recreation Services and Programs:					
Salaries and Wages	533,103.00	554,603.00	552,544.26	2,058.74	-
Other Expenses	44,800.00	47,800.00	44,778.12	3,021.88	-
Recreation Services and Programs/Golf Course:					
Salaries and Wages	452,529.00	488,529.00	486,005.40	2,523.60	-
Other Expenses	107,500.00	111,500.00	110,063.93	1,436.07	-
Maintenance of Parks:					
Salaries and Wages	191,077.00	204,077.00	203,876.99	200.01	-
Other Expenses	76,550.00	79,550.00	78,327.08	1,222.92	-
Beach and Boardwalk Operations:					
Salaries and Wages	115,000.00	109,816.84	109,816.84	-	-
Other Expenses	7,000.00	6,997.22	6,997.22	-	-
<b>Utilities and Bulk Purchases</b>					
Utilities:					
Other Expenses	720,000.00	765,000.00	744,957.92	20,042.08	-
Street Lighting:					
Other Expenses	475,000.00	520,000.00	480,007.61	39,992.39	-
Gasoline:					
Other Expenses	500,000.00	560,000.00	542,933.35	17,066.65	-

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Appropriated</b>		<b>Expended</b>		<b>Unexpended Balance Cancelled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
<b>Landfill/Solid Waste</b>					
Landfill/Solid Waste Disposal Costs:					
Other Expenses/Tipping	1,600,000.00	1,650,000.00	1,633,836.50	16,163.50	-
<b>Code Enforcement and Administration</b>					
Other Code Enforcement Functions:					
Salaries and Wages	195,934.00	210,384.00	209,748.16	635.84	-
Other Expenses	4,600.00	4,600.00	4,104.82	495.18	-
Total Operations within Caps	30,282,363.45	30,152,969.62	29,848,215.56	304,754.06	-
Contingent	2,000.00	2,000.00	-	2,000.00	-
Total Operations within Caps including Contingent	30,284,363.45	30,154,969.62	29,848,215.56	306,754.06	-
<b>Detail:</b>					
Salaries and Wages	15,504,038.45	15,273,352.11	15,223,290.97	50,061.14	-
Other Expenses	14,780,325.00	14,881,617.51	14,624,924.59	256,692.92	-
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>					
<b>WITHIN CAPS</b>					
<b>Deferred Charges</b>					
Prior Year Bills:					
Gannett 2013	3,949.00	3,949.00	3,949.00	-	-
Gannett 2014	4,617.20	4,617.20	4,617.20	-	-
Gannett 2015	950.25	950.25	950.25	-	-
Van Sant-2014	32.45	32.45	32.45	-	-
Pitney Bowes-2014	360.00	-	-	-	-
Pitney Bowes-2015	180.00	-	-	-	-
<b>Statutory Expenditures</b>					
Contribution to:					
Social Security System	1,254,000.00	1,254,000.00	1,233,759.23	20,240.77	-
Police and Firemen's Retirement System of NJ	1,625,472.00	1,660,310.02	1,660,310.02	-	-
Defined Contribution Retirement Program	2,000.00	2,000.00	1,720.69	279.31	-
Public Employee Retirement System	998,983.75	998,983.75	998,983.75	-	-
Total Deferred Charges and Statutory Expenditures within Caps	3,890,544.65	3,924,842.67	3,904,322.59	20,520.08	-
Total Appropriations within Caps	34,174,908.10	34,079,812.29	33,752,538.15	327,274.14	-

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



**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriated		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
<b><u>OPERATIONS EXCLUDED FROM CAPS</u></b>					
Length of Service Awards Program (N.J.A.C. 5:30-14.25):					
Other Expenses	200,000.00	210,884.81	210,884.81	-	-
Stormwater and Water Pollution (N.J.S.A. 40A: 4-45.3(cc)):					
Salaries and Wages	171,516.00	171,516.00	162,208.60	9,307.40	-
Other Expenses	60,000.00	60,000.00	28,084.36	31,915.64	-
Recycling Enhancement Act (P.L. 2007 c.311):					
Other Expenses	62,629.29	62,629.29	50,325.80	12,303.49	-
<b><u>Interlocal Municipal Service Agreements</u></b>					
Central Regional Board of Education - Shared Services:					
Other Expenses	35,000.00	35,000.00	35,000.00		
Ocean County Social Services - Relocation Expenses:					
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Fire Protection - South Toms River:					
Other Expenses	26,500.00	26,500.00	26,458.57	41.43	-
Animal Control - Pine Beach, South Seaside Park, Ocean Gate:					
Salaries and Wages	11,898.33	11,898.33	11,898.33	-	-
Berkeley Board of Education - Fuel:					
Other Expenses	57,000.00	57,000.00	57,000.00	-	-
Central Regional Board of Education - Fuel:					
Other Expenses	100,000.00	100,000.00	100,000.00	-	-
Community Service Officer Program:					
Salaries and Wages	511,020.00	511,020.00	367,601.70	143,418.30	-
Other Expenses	109,650.00	109,650.00	97,317.84	12,332.16	-
<b><u>Public and Private Programs Offset by Revenues</u></b>					
Clean Communities Grant:					
Salaries and Wages	75,000.00	75,000.00	75,000.00	-	-
Other Expenses	51,853.40	51,853.40	51,853.40	-	-
HDSR Municipal Remedial Grant Program					
NJ Sandy Recovery-So.SSPK Ngrbrhd Plan	4,364.00	4,364.00	4,364.00	-	-
NJEDA HDSRF Public Entity Post Sandy	50,000.00	50,000.00	50,000.00	-	-
NJ Sandy Recovery Plnng. Master Plan	712,380.00	712,380.00	712,380.00	-	-
NJ Sandy Recovery-Coastal Ngrbhd. Rslncy	20,000.00	20,000.00	20,000.00	-	-
Sandy Recovery Community Rating System	50,000.00	50,000.00	50,000.00	-	-
Sandy Recovery - Floodplain Mangement	50,000.00	50,000.00	50,000.00	-	-
US Dept of Homeland Sec FY2016-Elev-Cont	20,000.00	20,000.00	20,000.00	-	-
Distracted Driving	558,174.56	558,174.56	558,174.56	-	-
	5,500.00	5,500.00	5,500.00	-	-

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Appropriated</b>		<b>Expended</b>		<b>Unexpended Balance Cancelled</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	
Municipal Alliance Grant - Municipal Share:	7,847.00	7,847.00	7,847.00	-	-
Salaries and Wages	20,768.66	20,768.66	20,768.66	-	-
Municipal Alliance Grant - State Share (Fiscal Year):	10,619.34	10,619.34	10,619.34	-	-
Salaries and Wages	26,071.90	26,071.90	26,071.90	-	-
Other Expenses	2,400.00	2,400.00	2,400.00	-	-
NJOEM FY 2018 966 Grant-Other Expenses	7,049.00	7,049.00	7,049.00	-	-
Matthew Tarentino Grant-S&W	31,000.00	31,000.00	31,000.00	-	-
Matthew Tarentino Grant-Other Expenses	4,461.18	4,461.18	4,461.18	-	-
CDBG Roadway & Drainage-Other Expenses	5,722.43	5,722.43	5,722.43	-	-
DOJ Body Armor 2017	5,500.00	5,500.00	5,500.00	-	-
2017 Body Armor Fund-NJ	10,445.92	10,445.92	10,445.92	-	-
Click It or Ticket 2017	833.00	833.00	833.00	-	-
DDEF FY 2017 Grant	1,400.00	1,400.00	1,400.00	-	-
Ocean County Tourism Grant	62,629.29	62,629.29	62,629.29	-	-
Cops In Shop-Summer College Int.	3,140,233.30	3,151,118.11	2,940,799.69	210,318.42	-
State of NJ Recycling Tonnage Grant					
Total Operations excluded from Caps					
Detail:					
Salaries and Wages	802,413.99	802,413.99	649,688.29	152,725.70	-
Other Expenses	2,337,819.31	2,348,704.12	2,291,111.40	57,592.72	-
<b><u>CAPITAL IMPROVEMENTS EXCLUDED FROM CAPS</u></b>					
Capital Improvement Fund	425,000.00	425,000.00	425,000.00	-	-
Ord #08-10	-	34,211.00	34,211.00	-	-
Ord #10-31	-	50,000.00	50,000.00	-	-
Total Capital Improvements excluded from Caps	425,000.00	509,211.00	509,211.00	-	-
<b><u>MUNICIPAL DEBT SERVICE EXCLUDED FROM CAPS</u></b>					
Payment of Bond Principal	3,350,000.00	3,350,000.00	3,350,000.00	-	-
Interest on Bonds	732,005.00	732,005.00	732,005.00	-	-
Interest on Notes	296,899.04	296,899.04	296,592.36	-	306.68
NJET:					
Loan Repayments for Principal and Interest	133,094.45	133,094.45	129,276.39	-	3,818.06
Total Municipal Debt Service excluded from Caps	4,511,998.49	4,511,998.49	4,507,873.75	-	4,124.74

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Appropriated</b>		<b>Expended</b>		<b>Unexpended</b>
	<b>Budget</b>	<b>Budget After Modification</b>	<b>Paid or Charged</b>	<b>Reserved</b>	<b>Balance Cancelled</b>
<b><u>DEFERRED CHARGES EXCLUDED FROM CAPS</u></b>					
Special Emergency Authorizations - 5 Years					
(N.J.S. 40A:4-55)					
Special Emergency Authorizations - From 2012	1,200,000.00	1,200,000.00	1,200,000.00	-	-
Special Emergency Authorizations - From 2013	51,339.12	51,339.12	51,339.12	-	-
Special Emergency Authorizations - From 2014	89,389.71	89,389.71	89,389.71	-	-
Special Emergency Authorizations - From 2015	48,405.36	48,405.36	48,405.36	-	-
Special Emergency Authorizations - From 2016	13,381.25	13,381.25	13,381.25	-	-
Special Emergency Authorizations - From 2016	52,144.03	52,144.03	52,144.03	-	-
Total Deferred Charges excluded from Caps	<u>1,454,659.47</u>	<u>1,454,659.47</u>	<u>1,454,659.47</u>		
Total General Appropriations excluded from Caps	<u>9,531,891.26</u>	<u>9,626,987.07</u>	<u>9,412,543.91</u>	<u>210,318.42</u>	<u>4,124.74</u>
Subtotal General Appropriations	43,706,799.36	43,706,799.36	43,165,082.06	537,592.56	4,124.74
Reserve for Uncollected Taxes	<u>2,371,443.39</u>	<u>2,371,443.39</u>	<u>2,371,443.39</u>	-	-
Total General Appropriations	<u>\$ 46,078,242.75</u>	<u>\$ 46,078,242.75</u>	<u>\$ 45,536,525.45</u>	<u>\$ 537,592.56</u>	<u>\$ 4,124.74</u>
Adopted Budget		\$ 45,292,831.36			
Appropriations added by 40A:4-87		<u>785,411.39</u>			
		<u>\$ 46,078,242.75</u>			
Reserve for:					
Encumbrances			\$ 465,646.36		
Uncollected Taxes			2,371,443.39		
Disbursements			39,450,756.55		
Deferred Charges Raised - Special Emergency Appropriations			1,454,659.47		
Interfunds:					
Grant Fund			<u>1,794,019.68</u>		
			<u>\$ 45,536,525.45</u>		

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN**  
**OTHER TRUST FUND**  
**STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND**  
**FUND BALANCE - REGULATORY BASIS**  
**DECEMBER 31, 2017 AND 2016**

**Exhibit B**

	<u>2017</u>	<u>2016</u>
<b><u>Assets</u></b>		
<b><u>Animal Control Trust Fund</u></b>		
Cash	\$ 343.13	\$ 15.01
<b><u>Other Trust Fund</u></b>		
Cash	7,667,454.61	7,747,456.28
Due From Regional School District	10,057.50	18,352.50
Due From Local School District	16,753.75	15,145.00
	<u>7,694,265.86</u>	<u>7,780,953.78</u>
Length of Service Awards Program Fund (LOSAP):		
Funds Held by Trustee:		
Investments	2,136,031.42	1,852,945.90
	<u>\$ 9,830,640.41</u>	<u>\$ 9,633,914.69</u>
<b><u>Liabilities and Reserves</u></b>		
<b><u>Animal Control Trust Fund</u></b>		
Reserve for Animal Control Trust Fund	\$ 341.93	\$ 15.01
Due to State of New Jersey	1.20	-
	<u>343.13</u>	<u>15.01</u>
<b><u>Other Trust Fund</u></b>		
Interfunds -		
Current Fund	162,740.97	33,372.60
Payroll Fund	268,293.65	385,795.30
General Capital	27,500.00	-
Due to State of New Jersey	15,470.00	14,808.00
Reserve for:		
Miscellaneous Reserves	6,482,188.76	6,560,448.29
Open Space	738,072.48	786,529.59
	<u>7,694,265.86</u>	<u>7,780,953.78</u>
Length of Service Awards Program Fund (LOSAP):		
Reserve for Length of Service Awards Program	2,136,031.42	1,852,945.90
	<u>\$ 9,830,640.41</u>	<u>\$ 9,633,914.69</u>

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

**TOWNSHIP OF BERKELEY- COUNTY OF OCEAN**  
**GENERAL CAPITAL FUND**  
**STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND**  
**FUND BALANCE - REGULATORY BASIS**  
**DECEMBER 31, 2017 AND 2016**

**Exhibit C**

	<u>2017</u>	<u>2016</u>
<b><u>Assets</u></b>		
Cash	\$ 5,623,557.64	\$ 5,068,871.12
Deferred Charges to Future Taxation:		
Funded	28,080,424.15	31,693,227.70
Unfunded	24,183,821.00	15,619,282.00
Interfund - Current Fund	928.00	928.00
Interfund - Open Space	27,500.00	-
Grants Receivable	432,668.00	157,668.00
	<u>\$ 58,348,898.79</u>	<u>\$ 52,539,976.82</u>
<b><u>Liabilities, Reserves and Fund Balance</u></b>		
Capital Improvement Fund	\$ 36,483.97	\$ 30,233.97
Reserve for Debt Service	169,989.61	332,212.72
Improvement Authorizations:		
Funded	130,147.96	107,384.37
Unfunded	4,397,656.47	3,833,180.72
Reserve for Encumbrances	3,907,019.63	2,872,810.34
Bond Anticipation Notes	21,627,177.00	13,670,927.00
Environmental Infrastructure Trust Fund Loans	1,479,962.60	1,657,734.10
Serial Bonds	26,044,000.00	29,394,000.00
Green Trust Loan Payable	556,461.55	641,493.60
	<u>\$ 58,348,898.79</u>	<u>\$ 52,539,976.82</u>

There were bonds and notes authorized but not issued on December 31, 2017 and 2016 of \$2,386,644.00 and \$1,948,355.00, respectively.

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN  
PAYROLL FUND  
STATEMENTS OF ASSETS AND LIABILITIES -  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016**

**Exhibit G**

	<u><b>2017</b></u>	<u><b>2016</b></u>
<b><u>Assets</u></b>		
Cash	\$ 158,316.38	\$ 118,784.56
Interfund Receivable - Outside Employment	<u>268,293.65</u>	<u>385,795.30</u>
	<u><u>\$ 426,610.03</u></u>	<u><u>\$ 504,579.86</u></u>
<b><u>Liabilities</u></b>		
Interfund Payable - Current Fund	\$ 257,046.45	\$ 302,210.20
Payroll Deductions Payable	<u>169,563.58</u>	<u>202,369.66</u>
	<u><u>\$ 426,610.03</u></u>	<u><u>\$ 504,579.86</u></u>

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

**TOWNSHIP OF BERKELEY - COUNTY OF OCEAN  
GENERAL FIXED ASSETS ACCOUNT GROUP  
STATEMENTS OF ASSETS AND LIABILITIES -  
REGULATORY BASIS  
DECEMBER 31, 2017 AND 2016**

**Exhibit H**

	<u><b>2017</b></u>	<u><b>2016</b></u>
General Fixed Assets:		
Land	\$ 6,245,007.50	\$ 6,245,007.50
Buildings and Improvements	15,306,023.55	7,625,923.00
Machinery and Equipment	<u>29,022,718.96</u>	<u>28,954,268.14</u>
	<u><u>\$ 50,573,750.01</u></u>	<u><u>\$ 42,825,198.64</u></u>
Investment in General Fixed Assets	<u><u>\$ 50,573,750.01</u></u>	<u><u>\$ 42,825,198.64</u></u>

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

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**TOWNSHIP OF BERKELEY  
COUNTY OF OCEAN**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**A.      Reporting Entity**

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

The Governmental Accounting Standards Board ("GASB") Statement 14, as amended by GASB Statements 39 and 61, established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Township, by statute or other directive, report separately on their financial statements. The financial statements of the Berkeley Township Sewerage Authority and Berkeley Township Municipal Utilities Authority are reported separately.

**B.      Descriptions of Funds**

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

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

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

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

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

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

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

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

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**C.      Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services differ in certain respects from GAAP applicable to local government units. A modified accrual basis of accounting is followed by the Township. Modifications from the accrual basis follow:

**Cash and Cash Equivalents** - 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. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

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 authorities 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 ("GUDPA"), a multiple financial institutional collateral pool, 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.

**Property Acquired for Taxes** - Foreclosed property 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 over-expenditures 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.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

**Deferred Charges Unfunded and Funded** - Upon authorization of capital projects, the Township establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to New Jersey Statute 40A:2-4, the Township may levy taxes on all taxable property within its jurisdiction to repay its debt. The Township raises the debt requirements for its debt in its current budget as funds are raised; the deferred charges are reduced.

**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 estimated fair market value on the acquisition date. 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. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**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.

**Appropriation Reserves** - Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments, or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

**Encumbrances** - Contractual orders at December 31, 2017 are reported as expenditures through the establishment of a reserve for encumbrances. Encumbrances do not constitute expenditures under GAAP.

**Long-Term Debt** - Long-term debt, relative to the acquisition of capital assets, is recorded as a liability in the general capital and utility capital funds. 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 and Postemployment Benefits** - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

**Fund Balance** - Fund balances included in the Current Fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

**Property Tax Revenues** - 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, the Berkeley Township School District and the Central Regional School District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

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

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

**Expenditures** - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid; however, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with *N.J.A.C.5:30-5.2*. When encumbered charges are 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 principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

**School Taxes** - The Township is responsible for levying, collecting, and remitting school taxes for the Berkeley Township School District and the Central Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district and for the regional school district the Township's share of the amount required to be raised by taxation for the period from July 1 to June 30, increased by the amount deferred at December 31, 2016 and decreased by the amount deferred at December 31, 2017.

**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.

**County Taxes** - The Township is responsible for levying, collecting, and remitting county taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 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 10 of the current year and due to be paid to the County by February 15 of the following year.

**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.

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

**D.      Financial Statements**

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

**E.      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 March 13 of each year. At introduction, the governing body shall 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 Township. 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.40AA-9. Amendments to adopted budgets, if any, are detailed in the statements of revenues and expenditures.

See independent accountants' compilation report.



**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

**E. Budgets and Budgetary Accounting (continued)**

An extension of the statutory dates for introduction, approval, and adoption of the budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the basis of accounting utilized to prepare the Township's financial statements.

**F. 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.

**G. Subsequent Events**

The Township has evaluated subsequent events through April 17, 2018, the date the financial statements were available to be issued.

**NOTE 2. CASH AND CASH EQUIVALENTS**

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

**Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Township's deposits might not be recovered. Although the Township does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (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 that follows.

As of December 31, 2017, the Township's bank balances of \$22,488,802.69 were exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$ 20,655,938.35
Uninsured and Uncollateralized	<u>1,832,864.34</u>
	<u><u>\$ 22,488,802.69</u></u>

See independent accountants' compilation report.



**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 3. INVESTMENTS**

**Custodial Credit Risk** - For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either the counterparty or the counterparty's trust department or agent but not in the Township's name.

**Investment Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Township has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A 40A:5-15.1 limits the investments that the Township may purchase such as Treasury securities in order to limit the exposure of governmental units to credit risk. The Township has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk** - The Township does not place a limit on the amount that may be invested in any one issuer.

As of December 31, 2017, the Township had the following investments:

	Carrying Value	Fair Value as of December 31, 2017			Investment Maturities (in Years)
		Level 1	Level 3	Total	Less Than 1 Year
<u>Investment type</u>					
Money Markets	\$ 184,684.29	\$ 184,684.29	\$ -	\$ 184,684.29	\$ 184,684.29
Mutual Funds	1,294,140.31	1,294,140.31	-	1,294,140.31	1,294,140.31
Fixed Account Investment Contract	657,206.82	-	657,206.82	657,206.82	657,206.82
	<u>\$ 2,136,031.42</u>	<u>\$ 1,478,824.60</u>	<u>\$ 657,206.82</u>	<u>\$ 2,136,031.42</u>	<u>\$ 2,136,031.42</u>
<u>Fund</u>					
Trust Fund - LOSAP	\$ 2,136,031.42	\$ 1,478,824.60	\$ 657,206.82	\$ 2,136,031.42	\$ 2,136,031.42
	<u>\$ 2,136,031.42</u>	<u>\$ 1,478,824.60</u>	<u>\$ 657,206.82</u>	<u>\$ 2,136,031.42</u>	<u>\$ 2,136,031.42</u>

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 4. ASSESSMENT AND COLLECTION OF PROPERTY TAXES**

**Comparative Schedule of Tax Rate Information**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax Rate	<u>\$ 2.080</u>	<u>\$ 2.069</u>	<u>\$ 2.012</u>
Apportionment of Tax Rate:			
Municipal	0.618	0.618	0.600
Municipal Open Space	0.010	0.010	0.010
County General	0.417	0.407	0.404
Local School	0.587	0.586	0.561
Regional School	0.436	0.436	0.425
County Open Space	0.012	0.012	0.012

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2017	\$ 5,107,714,648.00
2016	5,119,435,600.00
2015	5,102,034,098.00

**Comparison of Tax Levies and Collection Currently**

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2017	\$ 106,734,982.15	\$ 105,440,651.56	98.78%
2016	106,311,877.75	103,942,583.51	97.77%
2015	103,129,564.21	100,540,548.37	97.48%

**Delinquent Taxes and Tax Title Liens**

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens in relation to the tax levies of the last three years.

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2017	\$ 1,091,188.14	\$ 1,025,820.24	\$ 2,117,008.38	1.98%
2016	1,041,729.40	1,993,492.55	3,035,221.95	2.86%
2015	909,511.67	2,108,170.11	3,017,681.78	2.93%

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 5. DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES**

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

**NOTE 6. GENERAL FIXED ASSETS**

The following changes occurred in the fixed assets of the Township during 2017:

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
Land	\$ 6,245,007.50	\$ -	\$ -	\$ 6,245,007.50
Buildings and Improvements	7,625,923.00	7,680,100.55	-	15,306,023.55
Machinery and Equipment	28,954,268.14	68,450.82	-	29,022,718.96
	<u>\$ 42,825,198.64</u>	<u>\$ 7,748,551.37</u>	<u>\$ -</u>	<u>\$ 50,573,750.01</u>

**NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The following interfund balances remained on the balance sheets at December 31, 2017:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
Current Fund	\$ 815,389.47	\$ 928.00
State and Federal Grant Fund	-	395,602.05
Trust Other Fund	-	458,534.62
Capital Fund	28,428.00	-
Payroll Fund	<u>268,293.65</u>	<u>257,046.45</u>
	<u>\$ 1,112,111.12</u>	<u>\$ 1,112,111.12</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.

The summary of interfund transfers follows:

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)**

Fund	Transfers In	Transfers Out
Current Fund	\$ 332,212.72	\$ 509,211.00
Capital Fund	509,211.00	332,212.72
	<u>\$ 841,423.72</u>	<u>\$ 841,423.72</u>

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. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

As noted in Note 1, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the balance sheet of the various funds:

<u>Description</u>	Balance December 31, <u>2017</u>	2018 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<b>Current Fund:</b>			
Special Emergency Authorizations (40A:4-55)	\$ 434,920.29	\$ 203,320.35	\$ 231,599.94

**NOTE 9. DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED**

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

**NOTE 10. 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:

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 10. SCHOOL TAXES**

	Local District Tax Balance, December 31,		Regional District Tax Balance, December 31,	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Total Balance of Local Tax	\$ 14,219,411.01	\$ 14,256,786.01	\$ 10,871,541.87	\$ 10,413,720.62
Deferred Taxes	<u>14,219,411.01</u>	<u>14,256,786.01</u>	<u>10,871,541.87</u>	<u>10,413,720.62</u>
Local Tax Payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 11. DEBT**

**A. Long-Term Debt**

**SUMMARY OF MUNICIPAL DEBT**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Issued:</b>			
General:			
Bonds, Notes and Loans	<u>\$ 49,707,601.15</u>	<u>\$ 45,364,154.70</u>	<u>\$ 40,943,886.90</u>
<b>Authorized but not issued:</b>			
General:			
Bonds, Notes and Loans	<u>2,386,644.00</u>	<u>1,948,355.00</u>	<u>1,948,355.00</u>
<b>Total Gross Debt</b>	<u><u>\$ 52,094,245.15</u></u>	<u><u>\$ 47,312,509.70</u></u>	<u><u>\$ 42,892,241.90</u></u>
<b>Deductions:</b>			
General:			
Funds on Hand For Payment of Bonds and Notes:			
Reserve for Debt Service	169,989.61	332,212.72	64,966.44
Reserve for Open Space Trust	<u>738,072.48</u>	<u>786,529.59</u>	<u>774,289.53</u>
Total Deductions	<u>908,062.09</u>	<u>1,118,742.31</u>	<u>839,255.97</u>
<b>Total Net Debt</b>	<u><u>\$ 51,186,183.06</u></u>	<u><u>\$ 46,193,767.39</u></u>	<u><u>\$ 42,052,985.93</u></u>

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 11. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

**SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT**

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a Statutory Net Debt of 1.002%

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 52,094,245.15	\$ 908,062.09	\$ 51,186,183.06

Net Debt \$51,186,183.06 divided by Equalized Valuation basis per N.J.S.A. 40A:2-6 as amended \$5,107,714,648 = 1.002%.

**BORROWING POWER UNDER N.J.S.A. 40A:2-6, AS AMENDED**

3.5% of Equalized Valuation Basis (Municipal)	\$ 178,770,012.68
Net Debt	<u>51,186,183.06</u>
Remaining Borrowing Power	<u>\$ 127,583,829.62</u>

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

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

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 11. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

**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%	\$ 6,695,000
\$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%	6,300,000
\$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%	2,215,000
\$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%	<u>10,834,000</u>
	<u>\$ 26,044,000</u>

The bonds mature serially in installments to the year 2028. Debt service requirements during the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,330,000.00	\$ 655,505.00	\$ 3,985,505.00
2019	3,315,000.00	578,217.50	3,893,217.50
2020	3,295,000.00	498,855.00	3,793,855.00
2021	3,095,000.00	407,436.25	3,502,436.25
2022	3,120,000.00	316,867.50	3,436,867.50
2023-2027	8,740,000.00	518,275.00	9,258,275.00
2028	1,149,000.00	11,490.00	1,160,490.00
	<u>\$ 26,044,000.00</u>	<u>\$ 2,986,646.25</u>	<u>\$ 29,030,646.25</u>

**Green Trust Loan Programs**

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

On May 19, 2008, the Township closed on a Green Trust Loan in the sum of \$289,203 for Toms River Park Phase II at an interest rate of 2%.

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

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 11. DEBT (CONTINUED)**

**A. Long-Term Debt (Continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 72,668.98	\$ 10,767.70	\$ 83,436.68
2019	74,129.63	9,307.04	83,436.67
2020	75,619.62	7,817.04	83,436.66
2021	60,293.81	6,297.04	66,590.85
2022	44,491.40	5,253.64	49,745.04
2023-2027	220,355.40	12,331.85	232,687.25
2028	8,902.75	89.03	8,991.78
	<u>\$ 556,461.59</u>	<u>\$ 51,863.34</u>	<u>\$ 608,324.93</u>

**Environmental Infrastructure Trust Fund Loans**

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

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 189,292.53	\$ 24,862.50	\$ 214,155.03
2019	193,792.06	21,612.50	215,404.56
2020	194,823.65	18,462.50	213,286.15
2021	181,109.72	15,012.50	196,122.22
2022	121,516.60	11,412.50	132,929.10
2023-2027	593,984.04	32,987.50	626,971.54
2028	5,444.00	217.76	5,661.76
	<u>\$ 1,479,962.60</u>	<u>\$ 124,567.76</u>	<u>\$ 1,604,530.36</u>

See independent accountants' compilation report.



**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 11. DEBT (CONTINUED)**

**B. Short-Term Debt**

On December 31, 2017, the Township's outstanding notes payable were as follows:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Rate</u>	<u>Balance December 31, 2017</u>
Ordinance 15-01	05/23/17	05/17/18	2.000%	\$ 6,240,977.00
Ordinance 16-01	05/23/17	05/17/18	2.000%	7,429,950.00
Ordinance 17-09	05/23/17	05/17/18	2.000%	<u>7,956,250.00</u>
				<u><u>\$ 21,627,177.00</u></u>

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

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

	<u>2016</u>	<u>2015</u>
General Capital Fund	\$ 1,948,355	\$ 1,948,355

**D. Summary of Debt Service**

During 2017 the following changes occurred in the outstanding debt of the Township:

	<u>Balance December 31, 2016</u>	<u>Accrued/ Increases</u>	<u>Retired/ Decreases</u>	<u>Balance December 31, 2017</u>	<u>Balance Due Within One Year</u>
Current Fund:					
Special Emergency Notes	\$ 1,200,000.00	\$ -	\$ 1,200,000.00	\$ -	\$ -
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	7,956,250.00	-	21,627,177.00	21,627,177.00
Loans	2,299,227.70	-	262,803.55	2,036,424.15	261,961.51
Other:					
Accumulated Absences	2,995,193.00	-	-	2,995,193.00	-
	<u>\$ 49,559,347.70</u>	<u>\$ 7,956,250.00</u>	<u>\$ 4,812,803.55</u>	<u>\$ 52,702,794.15</u>	<u>\$ 25,219,138.51</u>

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 12. FUND BALANCES APPROPRIATED**

The fund balances at December 31 which have been appropriated and included as anticipated revenue in the municipal budget for the year ending December 31 of the succeeding years are as follows:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b>Current Fund:</b>			
2017	\$ 6,147,596.53	N/A *	N/A
2016	4,164,228.03	2,032,750.00	48.81%
2015	3,582,772.06	2,401,129.00	67.02%

\* As of the date of this report the 2018 budget has not been introduced

**NOTE 13. ACCRUED SICK AND VACATION BENEFITS**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused vacation and sick pay. The Township permits certain employees within limits to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. The estimated current cost of such unpaid compensation approximates \$2,995,193.00 at December 31, 2017. A reserve is maintained in the Other Trust Fund and had no balance as of December 31, 2017. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

**NOTE 14. PENSION OBLIGATIONS**

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

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

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

The following represents the membership tiers for PERS:

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

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

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

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

**Contributions** - The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the fiscal year 2016, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

**Components of Net Pension Liability** - At December 31, 2016, the Township reported a liability of \$28,718,278 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Township's proportion measured as of June 30, 2016, was .09697%, which was an increase of .00088% from its proportion measured as of June 30, 2015.

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

Collective Balances at December 31, 2016 & December 31, 2015

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	\$ 7,721,053	\$ 2,830,990
Deferred Inflows of Resources	940,640	1,548,658
Net Pension Liability	28,718,278	21,569,697
Township's Portion of the Plan's Total		
Net Pension Liability	0.09697%	0.09609%

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2016, the Township reported deferred outflows and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 534,073	\$ -
Changes of Assumptions	5,948,893	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,095,054	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>143,033</u>	<u>940,640</u>
	<u>\$ 7,721,053</u>	<u>\$ 940,640</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension expense as follows:

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

	Year Ending <u>Dec 31,</u>	<u>PERS</u>		
	2017	\$ 1,470,232		
	2018	1,470,237		
	2019	1,750,709		
	2020	1,539,139		
	2021	<u>550,096</u>		
		<u>\$ 6,780,413</u>		
			<u>Deferred</u>	<u>Deferred</u>
			<u>Outflows of</u>	<u>Inflows of</u>
			<u>Resources</u>	<u>Resources</u>
Differences between Expected and Actual Experience				
Year of Pension Plan Deferral:				
June 30, 2014		-	-	
June 30, 2015		5.72	-	
June 30, 2016		5.57	-	
Changes of Assumptions				
Year of Pension Plan Deferral:				
June 30, 2014		6.44	-	
June 30, 2015		5.72	-	
June 30, 2016		5.57	-	
Net Difference between Projected and Actual Earnings on Pension Plan Investments				
Year of Pension Plan Deferral:				
June 30, 2014		-	5.00	
June 30, 2015		-	5.00	
June 30, 2016		5.00	-	
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions				
Year of Pension Plan Deferral:				
June 30, 2014		6.44	6.44	
June 30, 2015		5.72	5.72	
June 30, 2016		5.57	5.57	

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

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

<u>PERS</u>	
Inflation	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2011 - June 30, 2014

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense

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**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment grade credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

See independent accountants' compilation report.



**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	Decrease (2.98%)	Discount Rate (3.98%)	Increase (4.98%)
Township's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 35,190,898	\$ 28,718,278	\$ 23,374,569

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

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

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

The following represents the membership tiers for PFRS:

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

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



**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

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

**Contributions** - The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2016, the State contributed an amount less than the actuarially determined amount. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Township contributions to PFRS amounted to \$378,209 for 2016.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

**Net Pension Liability and Pension Expense** - At December 31, 2017, the Township's proportionate share of the PFRS net pension liability is valued to be \$35,262,227. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The Township's proportion of the net pension liability was based on the Township's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2016. The Township's proportion measured as of June 30, 2016, was .18459%, which was a decrease of .01433% from its proportion measured as of June 30, 2015.

**Collective Balances at December 31, 2016 & December 31, 2015**

	<u>12/31/16</u>	<u>12/31/15</u>
Actuarial Valuation Date (including roll Forward)	June 30, 2016	June 30, 2015
Deferred Outflows of Resources	\$ 7,747,256	\$ 6,633,486
Deferred Inflows of Resources	2,699,016	1,914,163
Net Pension Liability	35,262,227	33,133,714
 Township's Portion of the Plan's Total		
Net Pension Liability	0.18459%	0.19892%

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

**Pension Expense and Deferred Outflows/Inflows of Resources** - At December 31, 2016, the Township had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 231,149
Changes of Assumptions	4,884,108	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,470,753	-
Changes in Proportion and Differences between Township Contributions and Proportionate Share of Contributions	<u>392,395</u>	<u>2,467,867</u>
	<u>\$ 7,747,256</u>	<u>\$ 2,699,016</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension expense as follows:

<b>Year Ending</b>	
<b><u>Dec 31,</u></b>	<b><u>PFRS</u></b>
2017	\$ 1,307,147
2018	1,307,145
2019	1,976,285
2020	963,541
2021	<u>(505,878)</u>
	<u>\$ 5,048,240</u>

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	-	5.53
June 30, 2016	-	5.58
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
Changes in Proportion and Differences between Authority Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.17	6.17
June 30, 2015	5.53	5.53
June 30, 2016	5.58	5.58

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

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

Additionally, the State's proportionate share of the net pension liability attributable to the Township is \$2,961,152 as of December 31, 2016. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2015, to the measurement date of June 30, 2016. The State's proportion of the net pension liability associated with the Township was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2016 was .018459%, which was a decrease of .01432% from its proportion measured as of June 30, 2015, which is the same proportion as the Township's.

Township's Proportionate Share of the Net Pension Liability	\$ 35,262,227
State's Proportionate Share of the Net Pension Liability Associated with the Township	<u>2,961,152</u>
Total Net Pension Liability	<u>\$ 38,223,379</u>

For the year ended December 31, 2016, the Township's total allocated pension expense was \$3,339,361.

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

Inflation	3.08%
Salary Increases:	
Through 2026	2.10% - 8.98% Based on Age
Thereafter	3.10% - 9.98% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2010 - June 30, 2013

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

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

females). The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Expected Rate of Return** - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
Total	100.00%	

**Discount Rate** - The discount rate used to measure the total pension liability was 5.55% as of June 30, 2016. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050

See independent accountants' compilation report.

**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 14. PENSION OBLIGATIONS (CONTINUED)**

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

and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**Sensitivity of the Township's proportionate share of the Net Pension Liability to Changes in the Discount Rate** - The following presents the Township's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55%) or 1-percentage-point higher (6.55%) than the current rate:

	Decrease (4.55%)	Discount Rate (5.55%)	Increase (6.55%)
Township's proportionate share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability associated with the Township	\$ 49,286,244	\$ 38,223,379	\$ 29,202,277

**C. Defined Contribution Retirement Program**

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by *N.J.S.A.43:15C-1* et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Township's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

As of December 31, 2017, the Township did not have any employees participating in the Defined Contribution Retirement Program.

**NOTE 15. OTHER POST-EMPLOYMENT BENEFITS**

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

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**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 15.      OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

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

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

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

The Township contributions to SHBP for the years ended December 31, 2017, 2016 and 2015 were \$2,424,542, \$2,289,249 and \$2,107,297, respectively, which equaled the required contributions for each year. There were approximately 138, 130 and 124 retired participants eligible at December 31, 2017, 2016 and 2015, respectively.

**NOTE 16.      RISK MANAGEMENT**

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

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

**NOTE 17.      CONTINGENT LIABILITIES**

**State and Federal Financial Assistance**

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the financial assistance agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2017, the Township estimates that no material liabilities will result from such audits.

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**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 17.      CONTINGENT LIABILITIES (CONTINUED)**

**Major Tax Assessments**

It was noted that there were no assessments in excess of 1% of the total assessed valuation during the 2017 year.

**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.

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

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 18.      LENGTH OF SERVICE AWARD PROGRAM ("LOSAP")**

The Township has established a Volunteer Length of Service Award Plan ("LOSAP") ("Plan") to ensure retention of the Township's volunteer firefighters and volunteer members of emergency service squads. The Plan shall be construed under the laws of the State of New Jersey and is established with the intent that it meets the requirements of a length of service award plan under Section 457(e)11 of the Internal Revenue Code".

**Annual Contributions** - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150 per year of active emergency service, commencing with the year 2002.

**Appropriations** - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2002.

**Periodic Increases** - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

**Criteria for Eligibility; Contributions; Points** - Any active volunteer member shall be eligible to participate in the LOSAP Plan immediately upon commencement of the member's performance of active voluntary services in the emergency service organization. Annual contributions shall only be made by the Township, however, for those active volunteer members who have earned the minimum number of points for performing certain volunteer services on a yearly basis.

**Determination as to Eligibility** - Each emergency service organization shall provide to the Township Administrator, acting as the Plan Administrator of LOSAP Plan, a certified list as to the active volunteer members who are initially eligible to participate in the Plan and those who are eligible to participate as each January 1 thereafter. The Plan Administrator shall forward said certified list to the Township Council for approval, in accordance with the provision of N.J.A.C. 5:30-14.10. The decision of the Township Council as to such active member's eligibility shall be binding upon the Plan Administrator, participants, beneficiaries and any and all other persons having an interest hereunder, subject to appropriate judicial review.

See independent accountants' compilation report.



**TOWNSHIP OF BERKELEY (COUNTY OF OCEAN)**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 18.      LENGTH OF SERVICE AWARD PROGRAM (“LOSAP”) (CONTINUED)**

**Terms of Participation** - The Plan Administrator shall have the right to require any active volunteer member at the time of his or her becoming a participant to agree, in writing, to be bound by the terms, covenants and conditions of the LOSAP and accompanying trust. Each participant shall furnish to the Plan Administrator all pertinent information required for the administration of the LOSAP. The Plan Administrator shall rely upon all such information furnished.

**Vesting** - The active volunteer member shall not be permitted to receive a distribution of the fund in his or her LOSAP account until the completion of a five-year vesting period.

**Termination of Service** - Any participant who terminates service as an active volunteer member shall cease to participate hereunder. A former participant may resume participation immediately upon returning to the service of the emergency service organization as an active volunteer member. Any active volunteer member who terminates service with the emergency service organization, subsequently returns to service and again becomes a participant shall be treated as a new participant for purposes of eligibility unless said participant was fully vested prior to his or her termination from service.

**Reporting Requirements** - N.J.A.C. 5:30-14.49 requires that the Township perform a separate review report of the Plan in accordance with the American Institute of Certified Public Accountants Statements for Accounting and Auditing Review Services.

**NOTE 19.      SERVICE CONTRACT - UTILITY AUTHORITIES**

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

**NOTE 20.      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. The Township's accrued interest at December 31, 2017 is \$211,130.32.

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. When applicable, 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. As of the date of this report, the Township is currently undergoing review to determine if all or part of the loan will be forgiven.

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

## 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" or "Township") in connection with the issuance by the Issuer of \$\_\_\_\_\_ General Obligation Bonds, Series 2018 (the "Bonds"). The Bonds are being issued pursuant to various Bond Ordinances (collectively, the "Ordinances") duly adopted by the Township Council of the Issuer (the "Council"), as set forth in a Resolution duly adopted by the Council on March 26, 2018 (the "Resolution"). The Bonds are dated their date of delivery and shall mature on May 15<sup>th</sup> in the years 2019 through 2029, inclusive. The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

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

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

“State” shall mean the State of New Jersey.

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

SECTION 3. Provision of Annual Reports. (a) The Issuer shall, or cause the Dissemination Agent to, not later than September 30<sup>th</sup> of each year, commencing September 30, 2018 for the Annual Report for the fiscal year ending December 31, 2017, provide to the MSRB via the EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

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

(c) The Dissemination Agent shall:

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

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

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

contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Certain financial and operating data of the Issuer, consisting of: (i) Issuer indebtedness; (ii) the Issuer's most current adopted budget; (iii) property valuation; and (iv) tax rate, levy and collection data.

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

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

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. modifications to rights of holders of the Bonds, if material;
8. bond calls, if material;
9. defeasances;
10. release, substitution, or sale of property securing payment of the Bonds, if material;
11. rating changes;
12. tender offers for the Bonds;
13. bankruptcy, insolvency, receivership or similar events of the Township;

14. the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
15. appointment of a successor or additional trustee, or the change of a trustee, if material.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

By \_\_\_\_\_  
**FREDERICK C. EBENAU,**  
**Chief Financial Officer**

**Dated: May\_\_\_\_, 2018**



**EXHIBIT A**

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

Name of Issuer: Township of Berkeley, in the County of Ocean, New Jersey

Name of Bond Issue: \$\_\_\_\_\_ General Obligation Bonds, Series 2018

Dated Date: May \_\_, 2018  
(CUSIP Number:\_\_\_\_\_)

NOTICE IS HEREBY GIVEN that the above designated Township has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate for the General Obligation Bonds dated \_\_\_\_\_, 2018 executed by the Township. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

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

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

By \_\_\_\_\_  
Name:  
Title:

**APPENDIX D**  
**FORM OF CERTIFICATE OF COMPLIANCE WITH SECONDARY MARKET DISCLOSURE**  
**REQUIREMENTS FOR THE NOTES**

**FORM OF CERTIFICATE OF COMPLIANCE WITH  
SECONDARY MARKET DISCLOSURE REQUIREMENTS FOR THE NOTES**

I, FREDERICK C. EBENAU, Chief Financial Officer of the Township of Berkeley, in the County of Ocean, State of New Jersey (the "Township"), DO HEREBY CERTIFY on behalf of the Township to \_\_\_\_\_, \_\_\_\_\_ (the "Purchaser") of the Bond Anticipation Notes, Series 2018A, in the aggregate principal amount of \$10,432,530, dated May \_\_, 2018, and maturing May \_\_, 2019 (the "Notes"), in connection with the issuance of the Notes, that pursuant to requirement of Rule 15c2-12 promulgated by the Securities and Exchange Act of 1934, as amended and supplemented (the "Rule"), specifically subsections (d)(3) and (b)(5)(i)(C) thereof, the Municipal Securities Rule Making Board (the "MSRB"), of any of the following events with respect to the Notes herein described, as applicable: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material; (9) defeasances; (10) release, substitution, or sale of property securing payment of the Bonds, if material; (11) rating changes; (12) tender offers for the Bonds; (13) bankruptcy, insolvency, receivership or similar events of the Township; (14) the consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (15) the appointment of a successor or additional trustee, or the change of a trustee, if material.

Whenever the Township obtains actual knowledge of the occurrence of any of the aforementioned events and when the occurrence of such events will constitute material information to the holders of the Notes, the Township shall, in a timely manner not in excess of ten (10) business days after each such occurrence, electronically file a notice with the MSRB.

The Township's obligation under this Certificate shall terminate upon the defeasance or payment in full of the Notes.

In the event the Township fails to comply with any provision of this Certificate, any Noteholder may take such action as a may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Township to comply with its obligations under the Certificate. Notwithstanding the above, the remedy for breach of the provisions of this Certificate or the Township's failure to perform hereunder shall be limited to bringing action to compel specific performance.

This Certificate shall is solely for the benefit for the Township, the Purchaser and the holders of the Notes, and shall create no further rights in any other person or entity hereunder.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Township as of  
this \_\_\_\_ day of \_\_\_\_, 2018.

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

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

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

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

\_\_\_\_\_, 2018

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

Re: Township of Berkeley, in the County of Ocean, New Jersey  
\$ \_\_\_\_\_ General Obligation Bonds, Series 2018

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Berkeley, in the County of Ocean, New Jersey (the "Township") of \$ \_\_\_\_\_ General Obligation Bonds, Series 2018 (the "Bonds"). The Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township is available to pay the principal of and interest on the Bonds. The Bonds are dated their date of delivery, mature on May 15 in the amounts, in each of the years and bear interest at the rates, payable on November 15 and May 15 of each year, commencing November 15, 2018, as set forth in the table below:

<u>Year (May 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		

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

multiple of \$1,000 in excess thereof through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), a resolution adopted by the Township Council on March 26, 2018 ("Resolution") and Bond Ordinances numbered 15-01-OAB, 16-01-OAB and 17-09-OAB (the "Ordinances"). The Bonds are issued for the purpose of financing general improvements and purposes as set forth in the Ordinances, and to pay a portion of the costs of issuing the Bonds.

The Bonds are subject to redemption prior to their stated maturities as set forth in the Official Statement.

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

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

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

2. Assuming continuing compliance by the Township with certain covenants and with the provisions of the Code applicable to the Bonds, under statutes and court decisions existing on the date of original delivery of the Bonds, interest on the Bonds is excluded from gross income of the holders of the Bonds for federal income tax purposes under Section 103 of the Code. In addition, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals or corporations, but for the taxable years that began on or before December 31, 2017, interest on the Bonds will be included

Mayor and Township Council of the  
Township of Berkeley, in the  
County of Ocean, New Jersey  
\_\_\_\_\_, 2018

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in "adjusted current earnings" in computing alternative minimum taxable income for purposes of the alternative maximum tax imposed by the Code on certain corporations.

3. Under the laws of the State of New Jersey as enacted and construed on the date of original delivery of the Bonds, interest on the Bonds and any gain from the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act.

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

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

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

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

GLUCKWALRATH LLP



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

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

\_\_\_\_\_, 2018

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

Re: Township of Berkeley, in the County of Ocean, New Jersey  
\$10,432,000 Bond Anticipation Notes, Series 2018A

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Berkeley, in the County of Ocean, New Jersey (the "Issuer") of its Bond Anticipation Notes, Series 2018A in the aggregate principal amount of \$10,432,500 (the "Notes"). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer is available to pay the principal of and interest on the Notes. The Notes are dated their date of delivery, are issued in registered form, mature on May \_\_, 2019 are not subject to redemption prior to maturity and bear interest at a rate of \_\_\_\_ percent per annum payable at maturity.

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

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Act"), and bond ordinances of the Issuer numbered 12-14-OA, 13-26-OAB, 14-03-OAB and 18-01-OAB (collectively, the "Ordinances"). The Notes are issued for the purpose of providing funds to finance various general capital improvements as described in the Ordinances (collectively, the "Project"). The Project was authorized by the Ordinances.

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

Based upon the foregoing, and assuming that the Notes and other documents and certificates are executed and delivered as instructed by us, we are of the opinion that:

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

2. Assuming continuing compliance by the Issuer with certain covenants and with the provisions of the Code applicable to the Notes, under statutes and court decisions existing on the date of original delivery of the Notes, interest on the Notes is excluded from gross income of the holders of the Notes for federal income tax purposes under Section 103 of the Code. In addition, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed by the Code on individuals or corporations, but for the taxable years that began on or before December 31, 2017, interest on the Notes will be included in "adjusted current earnings" in computing alternative minimum taxable income for purposes of the alternative minimum tax imposed by the Code on certain corporations.

3. 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 gain from the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act.

4. The power and obligation of the Issuer to pay the Notes is unlimited, and the Issuer shall have the power and be obligated to levy ad valorem taxes upon all the taxable real property within the Township for the payment of the Notes and interest thereon, without limitation of rate or amount.

Mayor and Township Council of the  
Township of Berkeley, in the  
County of Ocean, New Jersey  
\_\_\_\_\_, 2018  
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For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

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

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

GLUCKWALRATH LLP