

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

**RATING: MOODY'S: "Aa3"**  
**(See "RATING" herein)**

*In the opinion of Bathgate, Wegener & Wolf, P.C., Lakewood, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as defined herein) (i) is not includable in gross income for Federal income tax purposes pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) will not be treated as a preference item under section 57 of the Code for purposes of calculating the Federal alternative minimum tax for individuals and corporations. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act. See "TAX EXEMPTION" herein.*

**BOROUGH OF POINT PLEASANT  
IN THE COUNTY OF OCEAN, NEW JERSEY  
\$19,870,000 GENERAL OBLIGATION BONDS**

**Consisting of**  
**\$14,890,000 General Improvement Bonds, Series 2010**  
**\$4,980,000 Water-Sewer Utility Bonds, series 2010**

**NON-CALLABLE  
BANK QUALIFIED**

**Dated: July 15, 2010**

**Due: July 15th, as shown on the inside front cover**

The \$19,870,000 aggregate principal amount of General Obligation Bonds, Series 2010, consisting of \$14,890,000 aggregate principal amount of General Improvement Bonds, Series 2010 (the "General Improvement Bonds") and \$4,980,000 aggregate principal amount of Water Utility Bonds, Series 2010 (the "Water Utility Bonds" and together with the General Improvement Bonds, the "Bonds") are general obligations of the Borough of Point Pleasant, in the County of Ocean, State of New Jersey (the "Borough") and, unless paid from other sources, pledge the full faith and credit of the Borough to levy *ad valorem* taxes on all taxable property within the Borough without limitation as to rate or amount for the payment of the principal thereof and the interest thereon.

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

Interest on the Bonds will be payable semiannually on the fifteenth (15<sup>th</sup>) day of January and July in each year until maturity, commencing January 15, 2011, calculated on the basis of a 360-day year comprised of twelve, thirty-day months. The principal of and the interest on the Bonds will be paid to the Securities Depository by the Borough, as paying agent. Interest on the Bonds will be credited to the Participants of the Depository Trust Company as listed on the records of the Depository Trust Company as defined herein. While DTC is acting as securities depository for the Bonds, principal and interest will be payable by wire transfer to DTC or its nominee, which is obligated to remit such principal and interest payment to DTC Participants. DTC Participants and Indirect Participants will be responsible for remitting such payments to the Beneficial Owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are authorized by and are issued pursuant to 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 of the Borough duly adopted on the dates set forth herein and approved and published as required by law and by resolutions duly adopted by the Borough Council on June 15, 2010.

The Bonds are being issued to permanently finance the costs of various capital improvements in and by the Borough in the amount of \$19,870,000.

The Bonds are not subject to redemption prior to their stated maturities as set forth herein. See "DESCRIPTION OF THE BONDS – Redemption" herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.**



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

The Bonds are offered when, as and if issued and delivered subject to the approval of the legality thereof by Bathgate, Wegener & Wolf, P.C., Lakewood, New Jersey, Bond Counsel to the Borough, and certain other conditions. It is anticipated that the Bonds will be available for delivery through DTC on or about July 23, 2010.

**UBS FINANCIAL SERVICES**

Dated: July 21, 2010

**BOROUGH OF POINT PLEASANT,  
IN THE COUNTY OF OCEAN, NEW JERSEY**

**MATURITIES, PRINCIPAL, INTEREST RATES AND YIELDS**

**\$19,870,000 GENERAL OBLIGATION BONDS**

Consisting of:

**\$14,890,000 General Improvement Bonds, Series 2010**

and

**\$4,980,000 Water-Sewer Utility Bonds, Series 2010**

**COMBINED MATURITIES,  
INTEREST RATE AND PRICE**

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Water-Sewer Utility Bonds</u>	<u>Combined Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2011	\$ 740,000	\$ 190,000	\$ 930,000	2.00%	0.65%
2012	765,000	190,000	955,000	2.00	0.80
2013	790,000	200,000	990,000	2.00	1.00
2014	820,000	205,000	1,025,000	2.00	1.25
2015	850,000	210,000	1,060,000	2.00	1.70
2016	900,000	215,000	1,115,000	3.00	2.05
2017	960,000	220,000	1,180,000	3.00	2.40
2018	1,025,000	230,000	1,255,000	3.25	2.60
2019	1,100,000	235,000	1,335,000	3.25	2.80
2020	1,200,000	250,000	1,450,000	3.25	2.95
2021	1,300,000	250,000	1,550,000	3.25	3.10
2022	1,480,000	260,000	1,740,000	3.25	3.25
2023	1,480,000	280,000	1,760,000	3.50	3.35
2024	1,480,000	295,000	1,775,000	4.00	3.50
2025		320,000	320,000	4.00	3.60
2026		320,000	320,000	4.00	3.70
2027		350,000	350,000	4.00	3.85
2028		380,000	380,000	4.00	3.95
2029		380,000	380,000	4.00	4.00

**BOROUGH OF POINT PLEASANT  
IN THE COUNTY OF OCEAN  
STATE OF NEW JERSEY**

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**MAYOR**

MARTIN KONKUS

**COUNCIL MEMBERS**

SUSAN ROGERS, PRESIDENT  
WILLIAM DIKUN, MEMBER  
JOHN J. MCHUGH, JR. MEMBER  
ANTOINETTE DePAOLA, MEMBER  
MITCHELL REMIG, MEMBER  
CHRISTOPHER B. LEITNER, MEMBER

**CHIEF FINANCIAL OFFICER**

JOHN ADAMS

**CLERK/ADMINISTRATOR**

DAVID A. MAFFEI

**ATTORNEY**

JERRY J. DASTI, ESQ.

**AUDITOR**

HOLMAN & FRENIA, P.C.  
MEDFORD, NEW JERSEY

**BOND COUNSEL**

BATHGATE, WEGENER & WOLF, P.C.  
LAKEWOOD, NEW JERSEY

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

References in this Official Statement to laws, rules, regulations, resolutions, ordinances, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein and may not be reproduced or used in whole or part for any other purpose. This Official Statement should be read in its entirety.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

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

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**OFFICIAL STATEMENT**  
**OF THE**  
**BOROUGH OF POINT PLEASANT**  
**COUNTY OF OCEAN, NEW JERSEY**

**RELATING TO**

**\$19,870,000 General Obligation Bonds**

Consisting of  
**\$14,890,000 General Improvement Bonds, Series 2010**  
and  
**\$4,980,000 Water-Sewer Utility Bonds, Series 2010**

**INTRODUCTION**

This Official Statement, which included the cover page, the inside front cover page and the appendices attached hereto, has been prepared by the Borough of Point Pleasant, in the County of Ocean, New Jersey (the "Borough") in connection with sale and issuance of \$19,870,000 General Obligation Bonds of \$14,890,000 General Improvement Bonds, Series 2010 (the "General Improvement Bonds") and \$4,980,000 Water-Sewer Utility Bonds, Series 2010 (the "Water-Sewer Utility Bonds" and, with the General Improvement Bonds, the "Bonds") dated July 15, 2010. This Official Statement has been by and on behalf of the Borough by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds described herein.

**THE BONDS**

**General Description**

The Bonds are dated, will mature on the dates and in the amounts and will bear interest payable semiannually as set forth on the inside of the cover page hereof. The Bonds may be purchased in book-entry only form in the principal amount of \$5,000 or any integral multiple thereof except, where necessary, also in the amount of \$1,000, through book-entries made on the books of The Depository Trust Company, New York, New York ("DTC") and its participants.

Interest on the Bonds will be payable semiannually on the fifteenth (15<sup>th</sup>) day of January and July in each year until maturing, commencing on January 15, 2011. The principal of and the interest on the Bonds will be paid to the Securities Depository by the Borough or its designated paying agent (the "Paying Agent"). Interest on the Bonds will be credited to the Participants of the Securities Depository as listed on the records of the Securities Depository as of each next preceding July 1 and January 1 (the "Record Dates" for the payment of interest on the Bonds).

**Redemption**

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

## **Book-Entry Only System**

The description, which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to Direct and Indirect Participants (defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough. Accordingly, the Borough does not make any representations as to the completeness or accuracy of such information.

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

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

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

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

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

Neither DTC nor CEDE & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to CEDE & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 nor its nominee, the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to CEDE & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the paying Agent, disbursement of such payments to Direct participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

THE PAYING AGENT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

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

If the Borough, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Bonds at any time, the Borough will attempt to locate another qualified Securities Depository. If the Borough fails to find such Securities Depository, or if the Borough determines, in its sole discretion, that it is in the best interest of the Borough or that the interest of the Beneficial Owners might be adversely affected if the book-entry only system of transfer is continued (the Borough undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the Borough shall notify DTC of the termination of the book-entry only system.

In the event that the book-entry only system for the Bonds is discontinued, the Borough has, pursuant to the Resolution, provided that upon receipt of the Bond certificates from DTC and the participant information, the Borough will authenticate (or cause to be authenticated) and deliver definitive Bonds to the holders thereof, and the principal of and interest on the Bonds will be payable and the Bonds may thereafter be transferred or exchanged in the manner described in the Bond certificates so provided.

## **BOND INSURANCE**

### **Bond Insurance Policy**

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

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

### **Assured Guaranty Municipal Corp. (Formerly Known As Financial Security Assurance Inc.)**

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

On July 1, 2009, AGL acquired the financial guaranty operations of Holdings from Dexia SA ("Dexia"). In connection with such acquisition, Holdings' financial products operations were separated from its financial guaranty operations and retained by Dexia. For more information regarding the acquisition by AGL of the financial guaranty operations of Holdings, see Item 1.01 of the Current Report on Form 8-K filed by AGL with the Securities and Exchange Commission (the "SEC") on July 8, 2009.

Effective November 9, 2009, Financial Security Assurance Inc. changed its name to Assured Guaranty Municipal Corp.

AGM's financial strength is rated "AAA" (negative outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). On February 24, 2010, Fitch, Inc. ("Fitch"), at the request of AGL, withdrew its "AA" (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

## Recent Developments

### Ratings

On May 17, 2010, S&P published a Research Update in which it affirmed its "AAA" counterparty credit and financial strength ratings on AGM. At the same time, S&P continued its negative outlook on AGM. Reference is made to the Research Update, a copy of which is available at [www.standardandpoors.com](http://www.standardandpoors.com), for the complete text of S&P's comments.

In a press release dated February 24, 2010, Fitch announced that, at the request of AGL, it had withdrawn the "AA" (Negative Outlook) insurer financial strength rating of AGM at the then current rating level. Reference is made to the press release, a copy of which is available at [www.fitchratings.com](http://www.fitchratings.com), for the complete text of Fitch's comments.

On December 18, 2009, Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at [www.moodys.com](http://www.moodys.com), for the complete text of Moody's comments.

There can be no assurance as to any further ratings action that Moody's or S&P may take with respect to AGM.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, which was filed by AGL with the SEC on March 1, 2010, and AGL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010, which was filed by AGL with the SEC on May 10, 2010. Effective July 31, 2009, Holdings is no longer subject to the reporting requirements of the Securities and Exchange Act of 1934, as amended (the "Exchange Act").

### Capitalization of AGM

At March 31, 2010, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$2,220,015,145 and its total net unearned premium reserve was approximately \$2,228,912,193 in accordance with statutory accounting principles.

### Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) The Annual Report on Form 10-K for the fiscal year ended December 31, 2009 (which was filed by AGL with the SEC on March 1, 2010); and

- (ii) The Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2010 (which was filed by AGL with the SEC on May 10, 2010).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov> at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.): 31 West 52<sup>nd</sup> Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

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

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

## **SECURITY AND SOURCE PAYMENT**

The Bonds are valid and legally binding general obligation bonds of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. The Borough is required by law to levy *ad valorem* taxes upon all the real property taxable within the Borough for the payment of the principal of and the interest on the Bonds without limitation as to rate or amount.

## **PURPOSE OF THE BOND ISSUE**

The proceeds of the \$14,890,000 General Improvement Bonds will be used to: (i) permanently finance the cost of various capital improvements in and for the Borough for which obligations have been authorized, but not issued, (ii) pay \$5,512,485 of the \$9,014,935 Bond Anticipation Note dated April 26, 2010, maturing July 26, 2010 and pay \$766,373 of the \$1,000,000 Bond Anticipation Note to be issued on July 9, 2010, maturing on August 9, 2010, and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

The proceeds of the \$4,980,000 Water-Sewer Utility Bonds will be used to: (i) permanently finance the cost of various capital improvements in an for the Borough for which obligations have been authorized, but not issued, (ii) pay \$3,502,450 of the \$9,014,935 Bond Anticipation Note dated April 26, 2010, maturing in July 26, 2010 and to pay \$233,627 of the \$1,000,000 Bond Anticipation Note to be issued on July 9, 2010, maturing on August 9, 2010 and (iii) pay certain costs and expenses incidental to the issuance and delivery of the Bonds.

After payment of the above Bond Anticipation Notes, the Borough will not have any Bond Anticipation Notes outstanding.

## AUTHORIZATION FOR ISSUANCE OF BONDS

The Bonds have been authorized by, and are to be issued pursuant to, certain laws of the State of New Jersey, including, without limitation, the Local Bond Law (J.J.S.A. 40A:2-1 et seq.), and pursuant to various bond ordinances duly adopted by the Borough Council (collectively, the “Ordinances”) and a resolution adopted by the Borough Council on June 15, 2010 (the “Resolution”).

The Bonds are to be issued to finance and refinance the projects authorized by ordinances of the Borough Council adopted on the dates set forth in the following table:

### General Improvement Bonds

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Adoption</u>	<u>Useful Life</u>	<u>Amount of Bond Authorized</u>	<u>Principal Amount of Bonds to be Issued</u>
98-13/94-11	Reconstruction & Improvements to Delaware Ave. Phase II & Tyler Ave.	7-21-1998			
		6-14-1994	10 years	\$ 62,376	\$ 62,376
98-26	Handicapped Ramp	12-15-1998	10 years	11,866	11,866
99-29	Various General Improvements	11-23-1999	7 years	2,487	2,487
99-30	Reconstruction of First Avenue	11-23-1999	10 years	50,603	50,603
00-14	Reconstruction First Avenue & Improvements Shady Glen				
		8-15-2000	10 years	77,411	77,411
00-17	Installation & Construction Handicapped Curbs & Sidewalks				
	Beaver Dam Road	9-5-2000	10 years	20,762	20,762
00-25	Various General Improvements	12-19-2000	10 years	80,750	80,750
01-10	Emergency First Aid Communication Equipment	6-19-2001	10 years	26,600	26,600
01-12	Various General Improvements	9-10-2001	10 years	260,602	206,602
01-17	Development & Construction of Park Infrastructure	9-4-2001	15 years	26,347	26,347
01-23	Dredging of North & Beach Lagoons	10-16-2001	40 years	100,000	100,000
01-28	Acquisition & Installation of New Roof for Public Works Facility	12-18-2001	15 years	19,000	19,000
04-02	Renovation of Police Department	2-17-2004	10 years	42,750	42,750
04-07	Audio System for Community Park	4-6-2004	10 years	13,775	13,775
04-08	Removal & Replacement of Roof of First Aid Squad Building	5-4-2004	15 years	17,487	17,487
04-09	Dredging of Beaver Dam	5-4-2004	15 years	292,477	292,477
04-15	Various Capital Improvements	8-3-2004	13 years	1,881,855	1,881,855
05-17	Renovation & Expansion of Police Wing	7-5-2005	10 years	115,900	115,900
05-21	Various Capital Improvements	9-6-2005	13 years	517,567	517,567
06-19	Various Capital Improvements	9-19-2006	15 years	527,212	527,212
07-11	Various Capital Improvements	8-21-2007	15 years	5,855,236	5,855,236
07-16	Reconstruction & Expansion of Municipal Parking Lot	10-16-2007	10 years	332,500	332,500
07-17	Dredging of Beaver Dam Creek	10-16-2007	7 years	18,967	18,967
07-18	Construction & Improvement to Riverfront Park	12-18-2007	15 years	1,102,539	1,102,539
08-10/09-03	Various Capital Improvements	8-19-2002	15 years		
		3-3-2009		2,211,325	2,211,325
09-18	Various Capital Improvements	10-20-2009	15 years	646,507	636,093
10-09	Various Capital Improvements	4-6-2010	15 years	649,927	639,513
				<b>Total</b>	<b><u>\$14,890,000</u></b>

## Water/Sewer Utility Bonds

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Adoption</u>	<u>Useful Life</u>	<u>Amount of Bond Authorized</u>	<u>Principal Amount of Bonds to be Issued</u>
98-16	Various Improvements	8-4-1998	15 years	\$ 50	\$ 50
04-16	Various Water/Sewer Improvements	8-3-2004	12 years	278,875	278,875
04-22	Rehab Riviera Pkwy Water Tank	12-21-2004	15 years	350,000	350,000
05-22	Various Water/Sewer Improvements	9-6-2005	18.3 years	1,679,975	1,662,130
06-08	Construct Water Supply Interconnect	5-16-2006	15 years	85,000	85,000
06-20	Various Water/Sewer Improvements	9-19-2006	18.3 years	978,600	978,600
06-26	Improvements to Water Facilities	12-19-2006	20 years	200,000	200,000
07-12	Various Water/Sewer Improvement	8-21-2007	20 years	466,900	466,900
07-13	Construction of Well #10	8-21-2007	40 years	360,000	360,000
08-11	Various Water/Sewer Improvements	8-19-2008	20 years	213,045	213,045
09-19	Various Water/Sewer Improvements	10-20-2009	20 years	101,700	101,700
10-08	Various Water/Sewer Improvements	5-4-2010	20 years	283,700	283,700
				<b>Total</b>	<b><u>\$4,980,000</u></b>

## MUNICIPAL FINANCE – FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

### Procedure for Authorization

The Borough has no constitutional limit on its power to incur indebtedness other than that it may issue obligations only for public purposes pursuant to State statutes. The authorization and issuance of Borough debt, including the purpose, amount and nature thereof, the method and manner of the incurrence of such debt, the maturity and terms of repayment thereof, and other related matters are statutory. The Borough is not required to submit the proposed incurrence of indebtedness to a public referendum.

The Borough, by bond ordinance, may authorize and issue negotiable obligations for the financing of any capital improvement or property which it may lawfully acquire, or any purpose for which it is authorized or required by law to make an appropriation, except current expenses and payment of obligations (other than those for temporary financings). Bond ordinances must be finally adopted by the recorded affirmative vote of at least two-thirds of the full membership of the Borough Council and approved by the Mayor. The Local Bond Law requires publication and posting of the bond ordinance. If the bond ordinance requires approval or endorsement of the State, it cannot be finally adopted until such approval has been received. The Local Bond Law provides that a bond ordinance shall take effect twenty (20) days after the first publication thereof after final adoption. At the conclusion of the twenty-day period all challenges to the validity of the obligations authorized by such bond ordinance shall be precluded except for constitutional matters. Moreover, after issuance, all obligations are conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning their sale, execution or delivery by the Borough.

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

The Bonds are being issued pursuant to the provisions of the Local Bond Law. The Local Bond Law governs the issuance of bonds and bond anticipation notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds or notes must mature within the statutory period of usefulness of the projects being financed, that bonds be retired in serial or sinking fund installments, and that, unlike school debt, and with some exceptions, including self-liquidating obligations and the improvements involving State grants, a five percent (5%) cash down payment must be generally provided. Such down payment must have been raised by budgetary appropriations, from cash on hand previously contributed for the purpose or by emergency resolution adopted pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq., as amended and supplemented (the "Local Budget Law"). All bonds and notes issued by the Borough are general "full faith and credit" obligations.

Local governmental units (including the Borough) may issue 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. Such bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount of bonds authorized in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued and renewed for periods not exceeding one (1) year, with the final maturity occurring and being paid no later than the first day of the fifth month following the close of the tenth fiscal year after the original issuance of the notes, provided that no notes may be renewed beyond the third anniversary date of the original notes and each anniversary date thereafter, unless an amount of such note at least equal to the first legally payable installment of the anticipated bonds (the first year's principal payment), is paid and retired from funds other than the proceeds of obligations on or before the third anniversary date and each anniversary date thereafter.

The issuance of tax anticipation notes by a municipality is limited in amount by the provisions of the Local Budget Law and may be renewed from time to time, but, in the case of a municipality such as the Borough, all such notes and renewals thereof must mature not later than 120 days after the end of the fiscal year in which such notes were issued.

#### **Statutory Debt Limitation (N.J.S.A. 40A:2-6 et seq.)**

There are statutory requirements which limit the amount of debt which the Borough is permitted to authorize. The authorized bonded indebtedness of a Borough is limited by the Local Bond Law and other laws to an amount equal to three and one half percent (3½%) of its stated average equalized valuation basis, subject to certain exceptions noted below. The stated equalized valuation basis is set by statute as the average of the equalized valuations of all taxable real property, together with improvements to such property, and the assessed valuation of certain Class II railroad property within the boundaries of the Borough for each of the last three (3) preceding years as annually certified in the valuation of all taxable real property, in the Table of Equalized Valuation by the Director of the Division of Taxation, in the New Jersey Department of the Treasury (the "Division of Taxation"). Certain categories of debt are permitted by statute to be deducted for the purposes of computing the statutory debt limit. The Local Bond Law permits the issuance of certain obligations, including obligations issued for certain emergency or self-liquidating purposes, notwithstanding the statutory debt limitation described above; but, with certain exceptions, it is then necessary to obtain the approval of the Local Finance Board. See "Exceptions to Debt Limitation-Extensions of Credit" herein.

The Borough has not exceeded its statutory debt limit. As of June 30, 2009, the statutory net debt of the Borough as a percentage of equalized valuation (3 year average) was 0.41% (unaudited).

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

The Local Fiscal Affairs, N.J.S.A. 40A:5-1 et seq., as amended and supplemented (the "Local Fiscal Affairs Law"), regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a Registered Municipal Accountant licensed in the State of New Jersey. The audit, conforming to the Division of Local Government Services, in the New Jersey Department of Community Affairs (the "Division") "Requirements of Audit", must be completed within six (6) months (December 31) after the close of the Borough's fiscal year (June 30), includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Borough Clerk and is available for review during regular municipal business hours and shall, within five (5) days thereafter be filed with the Director of the Division (the "Director"). A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the Borough Clerk's receipt of the audit report. Accounting methods utilized in the conduct of the audit conform to practices prescribed by the Division, which practices differ in some respects from generally accepted accounting principles.

**Annual Financial Statement (N.J.S.A. 40A:5-12 et seq.)**

An annual financial statement (“Annual Financial Statement”) which sets forth the financial condition of a local unit for the fiscal year must be filed with the Division not later than January 26 (in the case of a county) and not later than February 10 (in the case of a municipality) after the close of the calendar fiscal year, or not later than August 10 of the State fiscal year for those municipalities which operate on the State fiscal year, such as the Borough. The Annual Financial Statement is prepared either by the Chief Financial Officer or the Registered Municipal Accountant for the local unit. It reflects the results of operations for the year of the Current and Utility Funds. If the statement of operations results in a cash deficit, the deficit must be included in full in the succeeding year's budget. The entire annual audit report is filed with the clerk of the local unit and is available for review during business hours.

**FINANCIAL MANAGEMENT**

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

The foundation of the State local finance system is the annual cash basis budget. Every local unit, including the Borough, must adopt an annual operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed operating budget cannot be finally adopted until it has been certified by the Director, or in the case of a local unit's examination of its own budget as described herein, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service and the Director, or in the case of the local examination, the local unit may review the adequacy of such appropriations. Among other restrictions, the Director or, in the case of local examination, the local unit may examine the budget with reference to all estimates of revenue and the following appropriations: (a) payment of interest and debt redemption charges, (b) deferred charges and statutory expenditures, (c) cash deficit of the preceding year, (d) reserve for uncollected taxes, and (e) other reserves and non-disbursement items. Taxes levied are a product of total appropriations, less non-tax revenues, plus a reserve predicated on the prior year's collection experience.

The Director, in reviewing the budget, has no authority over individual operating appropriations, unless a specific amount is required by law, but the Director's budgetary review functions, focusing on anticipated revenues, and serves to protect the solvency of the local unit. Local budgets, by law and regulation, must be in balance on a "cash basis", i.e., the total of anticipated revenues must equal the total of appropriation. N.J.S.A. 40A:4-22. If in any year the Borough's expenditures exceed its realized revenues for that year, then such excess (deficit) must be raised in the succeeding year's budget.

In accordance with the Local Budget Law and related regulations, (i) each local unit, with a population of 10,000 persons, must adopt and annually revise a six (6) year capital program (ii) each local unit, with a population under 10,000 persons, must adopt (with some exceptions) and annually revise a three (3) year capital program. See "CAPITAL IMPROVEMENT PROGRAM" herein.

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 section of the 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.

**Limitations on Expenditures ("Cap Law") (N.J.S.A. 40A:4-45.1 et seq.)**

N.J.S.A. 40A:4-45.3 places limits on municipal tax levies and expenditures. This law is commonly known as the "Cap Law" (the "Cap Law"). The Cap Law was recently amended and such amendment became effective on July 7, 2004. The Cap Law provides that the Borough shall limit any increase in its budget to 2.5% or the Cost-Of-Living Adjustment, whichever is less, of the previous year's final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than 2.5%, the Borough may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the Borough for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than 3.5% over the previous year's final appropriations. The Borough has utilized this procedure to establish its CAP at 3.5%. See N.J.S.A. 40A:4-45.14. In addition,

N.J.S.A. 40A:4-45.15b restored "CAP" banking to the Local Budget Law. Municipalities are permitted to appropriate available "CAP Bank" in either of the next two (2) succeeding years' final appropriations. The Borough has not utilized its "Cap Bank" in its Fiscal Year 2010 budget and was below the permitted budget "CAP" for the Fiscal Year 2010 budget. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the "CAP". Major exceptions to the CAP law are as follows:

1. Capital expenditures, including appropriations for current capital expenditures, as a component of a line item expenditure elsewhere in the budget or included in the capital improvement fund, provided that any such expenditure would otherwise be bondable under the Local Bond Law;

2. An increase based upon emergency temporary appropriations to meet an urgent situation or event or an emergency appropriation made pursuant to the Local Budget Law, (N.J.S.A. 40A:4-46), which shall be approved by the Director and by at least two-thirds of the members of the governing body and shall not exceed in the aggregate three percent (3%) of the previous year's final current operating regulation or by municipal ordinances;

3. All debt service requirements, including that of a Type 1 school district

4. Cash deficits of prior years, subject to the approval of the Local Finance Board;

5. Amount reserved for uncollected taxes;

6. Appropriations related to new or increased service fees imposed by State law, rule or regulation or by municipal ordinances;

7. An amount approved by any referendum;

8. Amounts required to be paid pursuant to (i) any contract with respect to use, service or provision of any project, facility or public improvement for water, sewerage, parking, senior citizen housing or similar purpose or payments on account of debt service therefor between a municipality and any other public entity of the State, (ii) the provisions of 1968 N.J. Laws c. 404, art. 9 by a constituent municipality to the intermunicipal account, (iii) any lease of a facility owned by a county improvement authority when lease payment represents the proportionate amount necessary to amortize the debt incurred by the authority in providing the leased facility, in whole or in part, and (iv) any repayment under a loan agreement pursuant to 1992 N.J. Laws c. 89, sec. 5;

9. Appropriations of Federal, county, independent authority or State funds, or by grants from private parties or nonprofit organizations for a specific purpose, and amounts received or to be received from such sources in reimbursement for local expenditures. If a municipality provides matching funds in order to receive the federal, county, independent authority or State funds, or the grants from private parties or nonprofit organizations for a specific purpose, the amount of the match which is required by law or agreement to be provided by the municipality shall be excepted;

10. Amounts expended to fund a free public library established pursuant to a provision of law;
11. Amounts expended in preparing and implementing a housing element and fair share plan pursuant to the provisions of 1985 N.J. Laws c. 222 and any amounts received by a municipality under a regional contribution agreement pursuant to section 12 of that act;
12. Amounts expended to aid privately owned libraries and reading rooms;
13. Extraordinary expenses, approved by the Local Finance Board, required for the implementation of an shared services agreement;
14. Any expenditure mandated as a result of a natural disaster, civil disturbance or other emergency that is specifically authorized pursuant to a declaration of an emergency by the President of the United States or the Governor of the State;
15. Expenditures for the cost of services mandated by any order of court, by any Federal or State statute or by administrative rule, directive, order or other legally binding device issued by a State Agency;
16. Expenditures of amounts actually realized in the local budget year from the sale of municipal assets if appropriated for non-recurring purposes or otherwise approved by the Director;
17. Any Local Unit which is determined to be experiencing fiscal distress pursuant to the provisions of 1987 N.J. Laws c. 75 and which has available surplus pursuant to the spending limitations imposed by 1976 N.J. Laws c. 68, may appropriate and expend an amount of that surplus approved by the Director and the Local Finance Board;
18. Amounts expended for staffing and operation of the municipal court;
19. Expenditures related to the cost of conducting and implementing a total property tax levy sale pursuant to 1997 N.J. Laws c. 99, sec. 16;
20. Amounts expended for a length of service award program pursuant to 1997 N.J. Laws c. 388;
21. Amounts expended to provide municipal services or reimbursement amounts to multifamily dwellings for the collection and disposal of solid waste generated by the residents of the multifamily dwellings. This subsection shall cease to be operative at the end of the first local budget year in which the municipality has fully phased in its reimbursement amount expenses;
22. Amounts expended by a municipality under a shared services agreement entered into pursuant to 1973 N.J. Laws c. 208 entered into after the effective date of 2000 N.J. Laws c. 126. The governing body of the municipality that will receive the service may choose to allow the amount of projected annual savings to be added to the amount of final appropriations upon which its permissible expenditures are calculated pursuant to section 1976 N.J. Laws c. 68, §2;
23. Amounts expended under a joint contract pursuant to 1952 N.J. Laws c. 72 entered into after the effective date of 2000 N.J. Laws c. 126. The governing body of each participating municipality may choose to allow the amount of projected annual savings to be added to the amount of final appropriations upon which its permissible expenditures are calculated pursuant to 1976 N.J. Laws c. 68, §2.
24. Amounts appropriated in the first three years after the effective date of 2003 N.J. Laws c. 92 for liability insurance, workers' compensation insurance and employee group insurance; and
25. Amounts appropriated in the first three years after the effective date of 2003 N.J. Laws c. 92 for costs of domestic security preparedness and responses to incidents and threats to domestic security.

The "CAP" law does not limit the obligation of the Borough to levy ad valorem taxes upon all taxable property within the boundaries of the Borough to pay debt service on bonds and notes.

### **Deferral of Current Expenses**

Supplemental appropriations made after the adoption of the budget and determination of the tax rate may be authorized by the governing body of a local unit, including the Borough, but only to meet unforeseen circumstances, to protect or promote public health, safety, morals or welfare, or to provide temporary housing or public assistance prior to the next succeeding fiscal year. However, with certain exceptions described below, such appropriations must be included in full as a deferred charge in the following year's budget. Any emergency appropriation must be declared by resolution according to the definition provided in N.J.S.A. 40A:4-48, and approved by at least two-thirds of the full membership of the governing body and shall be filed with the Director. If such emergency appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director is required. N.J.S.A. 40A:4-49.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

### **Budget Transfers**

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between major appropriation accounts are prohibited until the last two (2) months of the municipality's fiscal year. Appropriation reserves may be transferred during the first three (3) months of the current fiscal year to the previous fiscal year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a two-thirds vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Generally, transfers cannot be made from the down payment account, the capital improvement fund, contingent expenses or from other sources as provided in the statute.

### **Anticipation of Real Estate Taxes**

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. N.J.S.A. 40A:4-29 sets limits on the anticipation of delinquent tax collections and provides that, "[t]he maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

In regard to current taxes, N.J.S.A. 40A:4-41(b) provides that, "[r]eceipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year."

This provision requires that an additional amount (the "reserve for uncollected taxes") be added to the tax levy required to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the sum will at least equal the tax levy required to balance the budget. The reserve requirement is calculated as follows:

Total of Local, County and School Levies	- Anticipated	=	Cash Required from Taxes to Support Local Municipal Budget and Other Taxes
			Amount to be
Cash Required from Taxes to Support Local Municipal Budget and Other Taxes =			Raised by
Prior Year's Percentage of Current Tax Collection (or Lesser %)			Taxation

N.J.S.A 40A:4-26 provides that, "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval 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 of such grants rarely coincide with a municipality's calendar fiscal year. Grant revenues are fully realized in the year in which they are budgeted by the establishment of accounts receivable and offsetting reserves.

**Debt Statements**

The Borough must report all new authorizations of debt or changes in previously authorized debt to the Division through the filing of Supplemental and Annual Debt Statements. The Supplemental Debt Statement must be submitted to the Division before final passage of any debt authorization other than a refunding debt authorization. Before the end of the first month (July 31) of each fiscal year of the Borough, the Borough must file an Annual Debt Statement that is dated as of the last day of the preceding fiscal year (June 30) with the Division and with the Borough Clerk. This report is made under oath and states the authorized, issued and un-issued debt of the Borough as of the previous June 30. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing. Even though the Borough's authorizations are within its debt limits, the Division is able to enforce State regulations as to the amounts and purposes of local borrowings.

**Local Examination of Budgets (N.J.S.A. 40A:4-78(b))**

Chapter 113 of the Laws of New Jersey of 1996 (N.J.S.A. 40A:4-78(b)) authorizes the Local Finance Board to adopt rules that permit certain municipalities to assume the responsibility, normally granted to the Director, of conducting the annual budget examination required by the Local Budget Law. Since 1997 the Local Finance Board has developed regulations that allow "eligible" and "qualifying" municipalities to locally examine their budget every two (2) of three (3) years. Under the regulations prescribed by the Local Finance Board, the Borough is ineligible for local examination of its budget. The Borough adopted its fiscal year 2010 budget in accordance with the procedures described under the heading entitled, "FINANCIAL MANAGEMENT – Local Budget Law (N.J.S.A. 40A: 4-1 et seq.)".

## **CAPITAL IMPROVEMENT PROGRAM**

In accordance with the Local Budget Law, the Borough 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 (6) years as a general improvement program. The Capital Budget and Capital Improvement Program must be adopted as part of the annual budget pursuant to N.J.A.C. 5:30-4. The Capital Budget does not by itself confer any authorization to raise or expend funds, rather it is a document used for planning. Specific authorization to expend funds for such purposes must be granted, by a separate bond ordinance, by inclusion of a line item in the Capital Improvement Section of the budget, by an ordinance taking money from the Capital Improvement Fund, or other lawful means.

## **TAX ASSESSMENT AND COLLECTION**

### **Assessment and Collection of Taxes**

Property valuations (assessments) are determined on true values as arrived at by the cost approach, market data approach and capitalization of net income (where applicable). Current assessments are the result of maintaining new assessments on a “like” basis with established comparable properties for newly assessed or purchased properties resulting in a decline of the assessment ratio to true value to its present level. This method assures equitable treatment to like property owners. Because of the escalation of property resale values, annual adjustments could not keep pace with the rising values.

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

Tax bills are sent in August and January of the current fiscal year. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged as the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined as by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county of school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) on the first \$1,500 of the delinquency and, then eighteen percent (18%) per annum on any amount in excess of \$1,500. A penalty of up to six percent (6%) of the delinquency in excess of \$10,000 may be imposed on a taxpayer who fails to pay that delinquency prior to the end of the tax year in which the taxes become delinquent. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State Statutes. Tax title liens are periodically assigned to the Borough Attorney (as defined herein) for in rem foreclosures in order to acquire title to these properties.

The provisions of chapter 99 of the Laws of New Jersey of 1997 allow a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or surety bond. The purchaser is entitled to receive, all delinquent taxes and other municipal charges owing, due and payable upon collection by the tax collector. The statute sets forth bidding procedures, minimum bidding terms and requires the review and approval of the sale by the Division.

## **Tax Appeals**

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessed valuation that the taxpayer deems excessive. The taxpayer has a right to file a petition on or before the 1<sup>st</sup> day of April of the current tax year for its review. The County Board of Taxation and the Tax Court of New Jersey have the authority after a hearing to increase, decrease or reject the appeal petition. Adjustments by the County Board of Taxation are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer believes the decision of the County Board of Taxation to be incorrect, appeal of the decision may be made to the Tax Court of New Jersey. State tax court appeals tend to take several years to conclude by settlement or trial and any losses in tax collection from prior years, after an unsuccessful trial or by settlement, are charged directly to operations.

## **LITIGATION**

To the knowledge of the Borough Attorney, Jerry J. Dasti, Esq., Forked River, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided. A certificate to such effect will be executed by the Borough's Attorney and delivered to the purchasers of the Bonds at the closing.

## **TAX MATTERS**

### **General**

Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") provides that interest on obligations such as the Bonds is not included in gross income for federal income tax purposes only if certain requirements are met. In its Certificate as to Arbitrage and Compliance with the Code (the "Tax Certificate"), which will be delivered in connection with the issuance of the Bonds, the Borough will make certain representations, certifications of fact, and statements of reasonable expectation in connection with the issuance of the Bonds and certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of the interest on the Bonds from gross income under Section 103(a) of the Code.

In the opinion of Bond Counsel, under existing statutes, regulations, administrative pronouncements and judicial decisions, and in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the Borough in the Tax Certificate and assuming compliance by the Borough with its ongoing covenants in the Tax Certificate, interest on the Bonds is not included in the gross income of the owners thereof for federal income tax purposes pursuant to the code and is not an item of tax preference to be included in calculating alternative minimum taxable income under the code for purposes of the alternative minimum tax imposed with respect to the individuals and corporations. Pursuant to the American Recovery and Reinvestment Act of 2009 ("ARRA"), interest on the bonds held by corporate taxpayers is not included in the relevant income computation for calculation of the federal alternative minimum tax imposed on corporations as a result of interest on the Bonds not being included in "adjusted current earnings."

### **Certain Federal Tax Consequences Relating to the Bonds**

Although interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Bonds.

There can be no assurance that legislation will not be introduced or enacted after the issuance and delivery of the Bonds so as to affect adversely the exclusion from gross income for federal income tax purposes of interest on the Bonds. Each purchaser of the bonds should consult his or her own advisor regarding any changes in the status of pending or proposed federal tax legislation.

### **Bank Qualification**

The Bonds will be designated as "qualified tax –exempt obligations" under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations. The Borough will furnish to the Underwriter (as hereinafter defined) at the time of delivery of any payment for the Bonds, a certificate executed by the Chief Financial Officer of the Borough designating the Bonds "qualified tax-exempt obligations" within the meaning of section 265(b)(3)(B)(ii) of the Code, and in such certificate the Borough will represent that it reasonably expects that, collectively, neither it nor its subordinate entities, if any, will issue more than \$30,000,000 of tax-exempt obligations in the current calendar year.

The Code denies the interest deduction for certain 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 are eligible to be designated and which are 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.

Pursuant to a de minimis safe harbor exception contained in ARRA, certain tax-exempt obligations issued in 2009 and 2010 are not taken into account for purposes of the denial of the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations, up to a maximum amount equal to 2% of the taxpayer's average adjusted bases of all its assets.

### **IRS Circular 230 Disclosure**

To ensure compliance with requirements imposed by the Internal Revenue Service, any purchaser of the Bond is hereby informed that (i) any U.S. Federal Tax advice contained in this offering material (including any attachments) written by Bond Counsel to the Borough, is not intended to be used, and it cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer under the Code; (ii) such advice is written to support the promotion or marketing of the transaction(s) or matter(s) addressed by the written advice; and (iii) the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

### **New Jersey Gross Income Tax**

In the opinion of Bond Counsel, the interest on the Bonds and any gain realized on the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act.

## **Future Events**

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the Federal or State level, may adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, or the exclusion of interest on and any gain realized on the sale of the Bonds under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions could adversely affect the market price or marketability of the Bonds.

**EACH PURCHASER OF THE BONDS SHOULD CONSULT HIS OR HER OWN ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, OR COURT DECISIONS.**

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

## **COMPLIANCE WITH SECONDARY MARKET DISCLOSURE REQUIREMENTS**

The Borough has covenanted for the benefit of bondholders to provide certain financial information and operating data on the Borough by no later than April 15 of each year, commencing April 15, 2011 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 Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the Borough by its Chief Financial Officer, such Certificate to be delivered concurrently with the delivery of the Bonds. As of the date of this Official Statement, the Borough has made the filings required to comply with all previous undertakings under the Rule. This covenant is being made by the Borough to assist the purchaser of the Bonds in complying with the Rule.

Effective July 1, 2009, all filings required to be made pursuant to the Rule shall be made, as required by the Rule, to the MSRB instead of the National Repositories and the State Repositories, if any, and such information shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

## **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 Borough, including the Bonds, and such Bonds as are authorized security for any and all public deposits.

## **MUNICIPAL BANKRUPTCY**

The undertakings of the Borough should be considered with reference to Chapter 9 of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of 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; grants priority to debt owed for services or material actually provided within three months of the filing of the petitions; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. 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.

## **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bathgate, Wegener & Wolf, P.C., Lakewood, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C. Certain legal matters will be passed on for the Borough by its Attorney, Jerry J. Dasti, Forked River, New Jersey.

## **UNDERWRITING**

The Bonds have been purchased from the Borough at a public sale by the Borough (the "Underwriter") at a price of \$19,871,264.75 (consisting of the par amount of the Bonds plus a premium in the amount of \$1,264.75). The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields or prices set forth on the front inside cover of this Official Statement.

## **RATING**

Moody's Investors Service ("Moody's") is expected to assign a rating of "Aa3" (negative outlook) to the Bonds with the understanding that Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM"), New York, New York, will issue its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on the Bonds at the time of delivery of the Bonds.

An explanation of the significance of such rating may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, NY 10007. The rating is not a recommendation to buy, sell or hold the Bonds. There can be no assurance that the rating will be maintained for any given period of time or that they may not be revised downward or withdrawn entirely if, in the rating agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of, such rating may have an adverse effect on the marketability or market price of the Bonds.

## **PREPARATION OF OFFICIAL STATEMENT**

The Borough hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Bonds, by certificates signed by the Chief Financial Officer of the Borough, that to her knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material facts necessary to make the statements herein, in light of the circumstances under which they are made, not misleading.

Holman & Frenia, P.C., (the "Auditors") assisted in the preparation of the information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in their Independent Auditor's Report.

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

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

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to John Adams, Chief Financial Officer at (732) 892-3434, 2233 Bridge Avenue, Point Pleasant, New Jersey 08742.

## **MISCELLANEOUS**

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

**BOROUGH OF POINT PLEASANT**

By:           /s/ John Adams            
John Adams, Chief Financial Officer

Dated: July 21, 2010

**APPENDIX A**

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION**

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION  
ABOUT THE BOROUGH OF POINT PLEASANT**

**Location and Area**

The Borough of Point Pleasant (the "Borough") was created by incorporation in 1920. Until its incorporation, the Borough was part of Brick Township. The Borough is located in the northeastern part of Ocean County on the Manasquan River. The Borough is bordered by the Boroughs of Point Pleasant Beach and Bay Head in the East, Brick Township in the west and southwest and Beaver Dam Creek and Barnegat Bay in the South.

The Borough is traversed north and south by the Point Pleasant Canal, which connects Barnegat Bay at Bay Head Harbor with the Manasquan River providing a short route from the northern parts of Barnegat Bay to the Atlantic Ocean. New Jersey Route 88 traverses the Borough in an east/west direction and provides access from the Borough to the north and south by New Jersey Route 35 in the east and the Garden State parkway in the west.

The Borough is predominantly residential in character. The population of the Borough includes a substantial number of shore-oriented retired persons. The working population travels to other communities for employment. The Borough is fully developed. Its land area of 3.70 square miles is 54% residential; 23.6% is public or semi-public use, including streets; 12% is under water; 5.4% is commercial, marine commercial or office use; 4.8% is vacant and 0.4% is in industrial use.

**Population**

The population of the Borough increased from 18,177 in 1990 to 19,306 in 2000, an increase of 1,129 persons over the 1990 Census figures. This estimate presents a 6.21 percent increase over the 1990 Census figures.

The following table summarizes population increases and decreases for the Borough, in the County, and the State of New Jersey:

Population – 1950 to 2000 <sup>1</sup>

Year	Point Pleasant Borough		Ocean County		State of New Jersey	
	Population	Change (%)	Population	Change (%)	Population	Change (%)
1950	4,009	--	56,622	--	4,835,329	--
1960	10,182	153.98	108,241	91.16	6,066,782	25.47
1970	15,968	56.82	208,470	92.60	7,171,112	18.20
1980	17,747	11.14	346,038	65.99	7,365,001	2.70
1990	18,177	2.42	433,203	25.19	7,730,188	4.96
2000	19,306	6.21	510,916	17.93	8,414,350	8.85

**Borough Per Capita Income**

Year Ended December 31	Unemployment Rate <sup>2</sup>	Population <sup>3 4</sup>
2008	4.6%	20,139 <sup>3</sup>
2007	3.4%	19,937 <sup>4</sup>
2006	3.8%	19,833 <sup>4</sup>
2005	3.6%	19,803 <sup>4</sup>
2004	3.9%	19,772 <sup>4</sup>

<sup>1</sup> Source: United States Department of Commerce, Bureau of Census, 1950, 1960, 1970, 1980, 1990 and 2000 Census of the Population : New Jersey

<sup>2</sup> Source: New Jersey Department of Labor

<sup>3</sup> Source: 2008 U.S. Census Bureau

<sup>4</sup> Source: [www.idcide.com/citydata/nj/point-pleasant](http://www.idcide.com/citydata/nj/point-pleasant)

**Largest Employers<sup>5</sup>**

NAME OF EMPLOYER	EMPLOYEES
Board of Education	
Stop & Shop	
Claremont	
Borough of Point Pleasant	
Post Office	
Farrell Transportation	
Crystal Point Marina	

**Community Facilities and Services**

Point Pleasant Borough provides a diverse base of services including excellent recreation facilities, boating and fishing, state parks, as well as an excellent school system. All of these factors provide for an excellent quality of life and are the backbone of the community.

**Labor Force<sup>6</sup>**

	2008	2007	2006	2005	2004
<b><u>Point Pleasant Borough</u></b>					
Labor Force	12,172	12,097	12,007	11,602	11,194
Employment	11,614	11,682	11,556	11,186	10,753
Unemployment	558	415	451	415	441
Unemployment Rate	4.6%	3.4%	3.8%	3.6%	3.9%
<b><u>Ocean County</u></b>					
Labor Force	260,100	257,700	257,900	251,100	246,800
Employment	244,500	246,000	245,100	239,400	234,300
Unemployment	15,000	11,700	12,800	11,700	12,500
Unemployment	6.0%	4.6%	5.0%	4.7%	5.1%
<b><u>State of New Jersey</u></b>					
Labor Force	4,496,700	4,462,300	4,492,800	4,431,600	4,373,000
Employment	4,251,200	4,271,700	4,283,600	4,232,800	4,157,500
Unemployment	245,500	190,600	209,200	198,700	215,500
Unemployment	5.5%	4.3%	4.7%	4.5%	4.9%

**FINANCIAL INFORMATION REGARDING THE BOROUGH OF POINT PLEASANT**

**Net Assessed Valuations and Annual Tax Rates<sup>7</sup>**

Year	Net Assessed Valuations (\$)	Tax Rate	County Schools	Municipal
2008	384,581,506	.385	1.858	.785
2007	380,517,106	.396	1.845	.749
2006	380,129,605	.380	1.820	.390
2005	381,159,200	.372	1.742	.276

<sup>5</sup> Source: Borough Clerk

<sup>6</sup> Source: New Jersey Department of Labor

<sup>7</sup> Source: Borough of Point Pleasant Tax Assessor

**Real Property Classification <sup>8</sup>**

Year	Vacant Land (\$)	Residential (\$)	Commercial (\$)	Apartment (\$)	Total Ratables (\$)	Total Exempt (\$)	Total Ratables & Exempt (\$)
2008	25,484,700	1,242,328,500	108,023,200	11,794,700	1,387,631,100	99,520,500	1,487,151,600
2007	22,958,900	1,230,660,600	106,646,400	14,294,700	1,374,560,600	98,328,300	1,472,888,900
2006	23,561,400	1,217,659,100	105,501,800	14,294,700	1,361,017,000	97,886,600	1,458,903,600
2005	17,907,100	1,207,638,100	109,000,500	14,344,700	1,348,890,400	97,410,100	1,446,300,500

**Ratio of Assessed Value to True Value <sup>9</sup>**

Year	Aggregate Assessed Value (\$)	Real Property Ratio of Assessed to True Value	Aggregate True Value (\$)
2008	1,387,631,100	36.92	3,758,480,769
2007	1,374,560,600	38.92	3,531,758,993
2006	1,361,017,000	44.60	3,051,607,623
2005	1,348,890,400	51.76	2,606,047,913

**Ten Leading Taxpayers of the Borough <sup>10</sup>**

Name of Taxpayer	Assessed Valuation 2009	As a % of Borough's Net Assessed Valuation
Point 88 Realty Co., Inc.	\$ 5,782,600	.004
Clark's Landing, Inc.	\$ 4,221,600	.003
Johnson Brothers Boat Works, LLC	\$ 2,150,000	.0015
Palia, J & C. & Marotte, C.	\$ 1,984,700	.0014
CNL Income-Crystal Point Marina, LLC	\$ 1,889,500	.0013
Robelander Realty, Inc.	\$ 1,800,300	.0012
DAD Realty, Inc.	\$ 1,600,800	.0011
Canal Point Marina, Inc.	\$ 1,364,000	.00098
Verizon	\$ 1,328,200	.00095
Butler Real Estate, LLC	\$ 1,291,000	.00093
Total	\$23,412,700	.01636

**Property Tax Rates Per \$100 of Assessed Valuation <sup>11</sup>**

Assessment Year	School District	Point Pleasant Borough	Ocean County	Total
2008	2.008	0.813	0.841	3.662
2007	1.968	0.795	0.803	3.566
2006	1.901	0.738	0.761	3.400
2005	1.829	0.651	0.740	3.220
2004	1.764	0.554	0.708	3.026
2003	1.715	0.514	0.687	2.916
2002	1.626	0.466	0.659	2.751
2001	1.587	0.444	0.634	2.665
2000	1.587	0.444	0.634	2.665
1999	1.538	0.430	0.592	2.560

<sup>8</sup> Source: County of Ocean, Assessed Value by Classification

<sup>9</sup> Source: County of Ocean, Equalization Table

<sup>10</sup> Source: Borough of Point Pleasant Tax Assessor

<sup>11</sup> Source: County of Ocean, Board of Taxation

Analysis of Real Estate Tax Levy <sup>12</sup>

Levy By Type	2008	2007	2006	2005
Local Tax	11,367,497	10,940,503	10,061,114	8,805,499
School	27,888,675	27,085,313	25,901,894	24,722,511
County	11,612,440	10,986,564	10,307,430	9,984,851
Total Levy <sup>12</sup>	50,868,612	49,012,380	46,270,438	43,512,861

Tax Title Liens and Delinquent Taxes <sup>13</sup>

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percent of Total Levy
2008	\$ 5,279	\$1,828,810	\$1,834,089	3.605
2007	\$ 812	\$1,573,115	\$1,573,927	3.207
2006	\$ 684	\$1,236,789	\$1,237,473	2.669
2005	\$ 562	\$1,425,822	\$1,426,384	3.278
2004	\$ 352	\$1,181,892	\$1,182,244	2.899
2003	\$ 337	\$ 871,567	\$ 871,904	2.229
2002	\$ 170	\$1,505,473	\$1,505,643	4.083
2001	\$ 156	\$1,501,088	\$1,501,244	4.234
2000	\$ 153	\$1,233,536	\$1,233,689	3.849
1999	\$ 140	\$1,030,347	\$1,030,487	3.215
1998	\$48,470	\$1,569,597	\$1,618,067	5.254
1997	\$41,790	\$1,435,340	\$1,477,130	4.983
1996	\$35,349	\$1,183,822	\$1,219,171	4.281

Tax Levies and Collections Record <sup>14</sup>

Year Ended December 31,	Total Tax Levy	Current Year Collected	% Current Levy Collected
2008	\$50,872,401	\$49,393,149	97.09
2007	\$49,081,108	\$47,820,984	97.43
2006	\$46,365,482	\$45,490,072	98.11
2005	\$43,513,281	\$42,429,211	97.51
2004	\$40,785,066	\$39,876,275	97.77
2003	\$39,116,815	\$38,418,271	98.21
2002	\$36,872,618	\$35,449,641	96.14
2001	\$35,454,537	\$33,931,615	95.70
2000	\$32,052,128	\$31,239,361	97.46

<sup>12</sup> Source: Borough of Point Pleasant Tax Collector

<sup>13</sup> Source: Auditor to the Borough of Point Pleasant

<sup>14</sup> Source: Borough of Point Pleasant Tax Collector

**APPENDIX B**  
**FINANCIAL STATEMENTS**



Certified Public Accountants & Consultants

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Borough Council  
Borough of Point Pleasant  
County of Ocean  
Point Pleasant, New Jersey 08742

We have audited the accompanying statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Borough of Point Pleasant, State of New Jersey as of December 31, 2008 and 2007, and the related statements of operations and changes in fund balance--regulatory basis for the years then ended, and the related statement of revenues--regulatory basis, statement of expenditures--regulatory basis and statement of general fixed assets as of December 31, 2008 and 2007. These financial statements are the responsibility of the Borough of Point Pleasant's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the financial statements previously referred to have been prepared in conformity with accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, except for the effects on the financial statements of the requirement that the Borough of Point Pleasant prepare its financial statements in accordance with the accounting practices on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Point Pleasant, State of New Jersey, as of December 31, 2008 and 2007, or the results of its operations and changes in fund balance for the years then ended.

Furthermore, in our opinion, except for the requirements of disclosure for other post-employment benefits, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Borough of Point Pleasant, State of New Jersey, as of December 31, 2008 and 2007, and the results of its

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operations and changes in fund balance of such funds--regulatory basis for the years then ended, and the revenues--regulatory basis, expenditures--regulatory basis of the various funds and general fixed assets, for the year ended December 31, 2008 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2009, on our consideration of the Borough of Point Pleasant, State of New Jersey's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Borough of Point Pleasant's basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

Respectfully submitted,

HOLMAN & FRENIA, P.C.



Kevin P. Frenia  
Registered Municipal Accountant  
CR 435

Medford, New Jersey  
June 3, 2009



Certified Public Accountants & Consultants

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

The Honorable Mayor and Members  
of the Borough Council  
Borough of Point Pleasant  
County of Ocean  
Point Pleasant, New Jersey 08742

We have audited the financial statements of the Borough of Point Pleasant, County of Ocean, State of New Jersey, as of and for the fiscal year ended December 31, 2008, and have issued our report thereon dated June 3, 2009. Our report disclosed that, as described in Note 1 to the financial statements, the Borough prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Service, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Borough of Point Pleasant's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Borough's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Borough's financial statements that is more than inconsequential will not be prevented or detected by the Borough's internal control. We consider the deficiencies described in the accompanying Comment and Recommendation Section to be significant deficiencies in internal control over financial reporting as Finding No's: 2008-01, 2008-02, 2008-03 and 2008-04.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Borough's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider finding no. 2008-04 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Point Pleasant's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which are described in the accompanying Comment and Recommendation Section as Finding No. 2008-04.

This report is intended solely for the information and use of the Borough of Point Pleasant's management, Council members and others within the organization, the Division of Local Government Services, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

HOLMAN & FRENIA, P.C.



Kevin P. Frenia  
Registered Municipal Accountant  
CR 435

Medford, New Jersey  
June 3, 2009

BOROUGH OF POINT PLEASANT  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2008 AND 2007

ASSETS	REFERENCE	2008	2007
Regular Fund:			
Cash:			
Treasurer	A-4	\$12,319,204	11,873,592
Change Fund		550	550
Petty Cash Funds		200	225
Due from State of New Jersey for Senior Citizen & Veteran Deductions		11,557	8,015
		<hr/>	<hr/>
Total Regular Fund		12,331,511	11,882,382
<hr/>			
Receivables & Other Assets With Full Reserves:			
Taxes Receivable	A-5	1,828,810	1,573,115
Tax Title Liens Receivable	A-6	5,279	812
Revenue Accounts Receivable	A-8	14,074	14,448
Foreclosed Property - Assessed Valuation	A-7		195,200
Due from Pt. Pleasant Beach			26,700
Due From Interfunds:			
State & Federal Grant Fund	A-13	64,064	36,254
Dog Trust	A-13	1	
		<hr/>	<hr/>
Total Receivables & Other Assets With Full Reserves		1,912,228	1,846,529
<hr/>			
Deferred Charges			
Special Emergency Authorizations		375,300	
Overexpenditure of Prior Year Reserves			766
		<hr/>	<hr/>
Total Deferred Charges		375,300	766
<hr/>			
Total Regular Fund, Receivables, Other Assets With Full Reserves & Deferred Charges		14,619,039	13,729,677
<hr/>			
State & Federal Grants:			
Grants Receivable	A-15	593,886	296,333
Due from General Capital	C	123,606	39,185
		<hr/>	<hr/>
Total State & Federal Grants		717,492	335,518
<hr/>			
Total Assets		\$15,336,531	14,065,195
<hr/>			

The accompanying Notes to the Financial Statement are an integral part of this Statement.

BOROUGH OF POINT PLEASANT  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2008 AND 2007

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2008	2007
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-9	\$802,727	741,804
Reserve for Encumbrances	A-3,A-9,A-14	1,538,757	361,568
Tax Overpayments	A-4,A-5	4,469	2,000
Unallocated Tax Receipts			21,150
Prepaid Taxes	A-4,A-5	513,740	572,456
Miscellaneous Reserves	A-12	7,515	57,584
County Tax Payable	A-11	86,507	59,200
Local District School Tax	A-10	7,695,631	7,293,950
Reserve for Recreation Improvements	A-14	15,928	1,096,742
Reserve for Revaluation		468,900	
Due to Dog Trust	A-13		639
Due to Trust Other	A-13	16,851	18,879
Due General Capital Fund	A-13	176,743	174,787
Due to Payroll	A-13	2,567	2,097
		<hr/>	<hr/>
Subtotal		11,330,335	10,402,856
Reserve for Receivables & Other Assets		1,912,228	1,846,529
Fund Balance	A-1	1,376,476	1,480,292
		<hr/>	<hr/>
Total Regular Fund		14,619,039	13,729,677
State & Federal Grants:			
Reserve for Grants Appropriated	A-16	627,769	256,283
Reserve for Grants Unappropriated	A-17	20,313	26,171
Commitments Payable		3,479	14,943
Due to State of New Jersey		1,645	1,645
Due to County of Ocean		222	222
Due Current Fund	A	64,064	36,254
		<hr/>	<hr/>
Total State & Federal Grants		717,492	335,518
		<hr/>	<hr/>
Total Liabilities, Reserves & Fund Balance		\$15,336,531	14,065,195
		<hr/>	<hr/>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

BOROUGH OF POINT PLEASANT  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND  
CHANGES IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Revenue & Other Income Realized:		
Fund Balance Utilized	\$1,400,000	1,400,000
Miscellaneous Revenue Anticipated	3,328,137	3,525,326
Receipts From Delinquent Taxes & Tax Title Liens	1,534,759	1,207,491
Receipts From Current Taxes	49,393,149	47,820,984
Nonbudget Revenue	545,004	159,118
Other Credits to Income:		
Interfunds Liquidated	2,666	2,894
Unexpended Balance of Appropriation Reserves	339,198	205,161
Encumbrances Canceled	124,789	6,361
Cancel Prior Year Unknown Tax Receipts	21,150	
Cancel Prior Year Reserves	59,958	
	<hr/>	<hr/>
Total	56,748,810	54,327,335
Expenditures:		
Budget Appropriations	16,237,435	14,805,495
Local District School Tax	27,888,675	27,085,313
County Taxes	11,707,014	11,058,830
Municipal Open Space Taxes	69,382	68,728
Interfunds - Advanced	19,020	64,534
Prior Year Encumbrance Adjustment		39,847
	<hr/>	<hr/>
Total Expenditures	55,921,526	53,122,747
Excess/Deficit in Revenue	827,284	1,204,588
Adjustments to Income Before Fund Balance:		
Expenditures Included Above which are by Statute		
Deferred Charges to Budget of Succeeding Year	468,900	
	<hr/>	
Statutory Excess to Fund Balance	1,296,184	
Fund Balance January 1	1,480,292	1,675,704
	<hr/>	<hr/>
Total	2,776,476	2,880,292
Decreased by: Utilization as Anticipated Revenue	1,400,000	1,400,000
	<hr/>	<hr/>
Fund Balance December 31	\$1,376,476	1,480,292
	<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

BOROUGH OF POINT PLEASANT  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

	BUDGET	APPROPRIATED BY N.J.S.A.40A:47-87	REALIZED	EXCESS OR (DEFICIT)
Fund Balance Utilized	\$1,400,000		1,400,000	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	12,000		15,720	3,720
Fees & Permits:				
Uniform Construction Code Fees	245,000		380,080	135,080
Other	50,000		48,319	(1,681)
Fines & Costs:				
Municipal Court	140,000		202,022	62,022
Interest & Costs on Taxes	225,000		312,789	87,789
Interest on Investments & Deposits	450,000		218,481	(231,519)
Energy Receipts Tax	1,220,673		1,220,673	
Consolidated Municipal Property				
Tax Relief Act	356,068		362,045	5,977
Homeland Security Aid	70,000		70,000	
Click It or Ticket		4,000	4,000	
Clean Communities Grant	27,709		27,709	
Cops In Shops	2,800		2,800	
Body Armor Replacement	4,662	3,397	8,059	
Municipal Court Alcohol Education				
& Rehabilitation Fund	1,446		1,446	
Aggressive Driving Grant	8,800	7,000	15,800	
Over The Limit Grant	4,800		4,800	
Municipal Drug Alliance Grant	14,834		14,834	
Drunk Driving Enforcement	7,240		7,240	
Pedestrian Safety Education &				
Enforcement		8,320	8,320	
Barnegat Bay Estuary Program		3,000	3,000	
Transportation Trust Fund Authority				
Act - 2008		250,000	250,000	
Transportation Trust Fund Authority				
Act - 2009	150,000		150,000	
Total Miscellaneous Revenues	2,991,032	275,717	3,328,137	61,388
Receipts From Delinquent Taxes	1,400,000		1,534,759	134,759
Subtotal General Revenues	5,791,032	275,717	6,262,896	196,147
Local Tax for Municipal Purposes	11,298,115		11,324,018	25,903
Budget Totals	17,089,147	275,717	17,586,914	222,050
Nonbudget Revenues			545,004	545,004
Total	\$17,089,147	275,717	18,131,918	767,054

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

**BOROUGH OF POINT PLEASANT  
 CURRENT FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2008**

**ANALYSIS OF REALIZED REVENUES**

Allocation of Current Tax Collections:	
Revenue From Collections	\$49,393,149
Less: Allocated for School, County Taxes & Open Space Taxes	39,665,071
Total Allocation of Current Tax Collections	9,728,078
Add: Budget Appropriation - Reserve for Uncollected Taxes	1,595,940
Total Amount for Support of Municipal Budget Appropriation	\$11,324,018
Fees & Permits:	
Zoning Board Permits	\$10,230
Planning Board Permits	5,130
Board of Health Permits	30,294
Raffle	2,270
Other	395
Total Fees & Permits	\$48,319

**ANALYSIS OF NONBUDGET REVENUES**

Tax Maps/Land Use/Tax Information	\$2,109
Cell Tower Rental	132,659
White Goods	21,566
Cable TV Fees	83,566
Settlement of Lawsuit	296,971
Miscellaneous Other	8,133
Nonbudget Revenue	\$545,004

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

BOROUGH OF POINT PLEASANT  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

OPERATIONS - Within "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
<b>General Government Functions:</b>					
General Administration:					
Salaries and Wages	\$21,019	21,019	21,019		
Other Expenses	91,700	81,700	60,282	21,418	
Mayor & Council:					
Salaries and Wages	11,120	11,120	10,953	167	
Municipal Clerk:					
Salaries and Wages	131,658	131,658	131,609	49	
Other Expenses	15,200	15,200	8,216	6,984	
Financial Administration					
(Treasury):					
Salaries and Wages	81,880	81,880	81,841	39	
Other Expenses	3,711	3,711	3,704	7	
Audit Services:					
Annual Audit	50,000	50,000	50,000		
Revenue Administration					
(Tax Collector):					
Salaries and Wages	84,654	84,654	82,031	2,623	
Other Expenses	9,325	9,325	4,118	5,207	
Tax Assessor:					
Salaries and Wages	95,852	95,852	94,905	947	
Other Expenses	9,050	9,050	3,985	5,065	
Legal Services:					
Other Expenses	145,000	155,000	142,127	12,873	
Engineering Services & Costs:					
Other Expenses	140,000	140,000	103,830	36,170	
<b>Land Use Administration:</b>					
Planning Board:					
Salaries and Wages	8,500	8,500	8,500		
Other Expenses	33,700	33,700	32,887	813	
Zoning Board of Adjustment:					
Salaries and Wages	8,500	8,500	8,500		
Other Expenses	5,775	5,775	5,075	700	
Zoning Officer:					
Salaries and Wages	60,610	60,610	60,602	8	
Other Expenses	750	750	551	199	
<b>Insurance:</b>					
Unemployment Insurance	55,000	55,000	55,000		
Liability Insurance	167,334	167,334	103,989	63,345	
Workers' Compensation					
Insurance	189,216	189,216	172,548	16,668	
Employee Group Insurance	1,762,430	1,755,430	1,735,568	19,862	
<b>Public Safety Functions:</b>					
Police:					
Salaries and Wages	4,136,546	4,136,546	4,136,546		
Other Expenses	222,085	229,085	204,083	25,002	
Dare Program					
Other Expenses	2,500	2,500		2,500	
Emergency Management Services:					
Salaries and Wages	3,350	3,350	3,350		
Other Expenses	1,200	1,200		1,200	

**BOROUGH OF POINT PLEASANT  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

OPERATIONS - Within "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
<b>Public Safety Functions (continued):</b>					
Aid to Volunteer Fire Companies:					
Other Expenses:					
Board of Fire Officers	5,000	5,000		5,000	
Company No. 1	70,000	70,000	70,000		
Company No. 2	55,000	55,000	55,000		
Fire Prevention	15,200	15,200	13,555	1,645	
Aid to Volunteer Ambulance Companies:					
Other Expenses	60,000	60,000	60,000		
<b>Public Works Functions:</b>					
Road Repairs & Maintenance:					
Salaries and Wages	856,954	856,954	845,346	11,608	
Other Expenses	61,484	61,484	50,867	10,617	
Other Public Works Functions:					
Recycling:					
Salaries and Wages	4,000	4,000	3,538	462	
Other Expenses	358,900	358,900	351,247	7,653	
Solid Waste Collection:					
Contractual	685,000	685,000	681,000	4,000	
Building & Grounds:					
Other Expenses	28,300	28,300	24,114	4,186	
Community Services Act:					
Other Expenses					
Condominium Services Act	130,000	130,000	7,578	122,422	
<b>Health &amp; Human Services:</b>					
Board of Health:					
Salaries and Wages	92,897	92,897	92,847	50	
Other Expenses	3,865	3,865	3,784	81	
Environmental Commission:					
Salaries and Wages	1,200	1,200	1,200		
Other Expenses	1,355	1,355	1,324	31	
Animal Control Program:					
Other Expenses	23,000	23,000	15,454	7,546	
<b>Park &amp; Recreation Functions:</b>					
Recreation Services & Programs:					
Salaries and Wages	189,597	189,597	187,535	2,062	
Other Expenses	18,180	18,180	13,837	4,343	
<b>Utility Expense &amp; Bulk Purchases:</b>					
Electricity	64,000	58,000	53,820	4,180	
Street Lighting	140,000	146,000	145,777	223	
Telephone	45,000	45,000	44,856	144	
Gasoline	135,443	135,443	93,043	42,400	
Gas	19,000	19,000	18,563	437	

**BOROUGH OF POINT PLEASANT  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

OPERATIONS - Within "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
<b>Landfill/Solid Waste Disposal Costs:</b>					
Landfill Dumping Fees	740,000	740,000	619,406	120,594	
<b>Municipal Court:</b>					
Salaries and Wages	104,449	104,449	102,890	1,559	
Other Expenses	9,750	9,750	5,011	4,739	
<b>Public Defender:</b>					
Other Expenses	5,000	5,000	2,757	2,243	
<b>State Uniform Construction Code:</b>					
Construction Code Official:					
Salaries and Wages	290,498	240,498	236,684	3,814	
Other Expenses	37,000	87,000	62,693	24,307	
<b>Other Common Operating Functions:</b>					
Salary Adjustments	215,121	215,121	158,235	56,886	
<b>Blood Borne Pathogens - Hepatitis B:</b>					
Other Expenses	1,500	1,500		1,500	
Contingent	1,000	1,000		1,000	
<b>Total Operations Within "CAPS"</b>					
Including Contingent	12,015,358	12,015,358	11,347,780	667,578	
<b>Detail:</b>					
Salaries and Wages	6,398,405	6,243,956	6,165,241	78,715	
Other Expenses	5,616,953	5,771,402	5,182,539	588,863	
<b>Deferred Charges &amp; Statutory Expenditures</b>					
<b>Municipal Within "CAPS":</b>					
<b>Deferred Charge:</b>					
Overexpenditure of Prior Year Reserves	766	766	766		
<b>Statutory Expenditures:</b>					
<b>Contributions to:</b>					
Social Security System (O.A.S.I.)	490,000	490,000	460,601	29,399	
Employees' Retirement System - ERIC	15,519	15,519	15,519		
<b>Total Deferred Charges &amp; Statutory Expenditures Within "CAPS"</b>	506,285	506,285	476,886	29,399	
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	12,521,643	12,521,643	11,824,666	696,977	
<b>Operations Excluded From "CAPS":</b>					
Relocation Assistance	750	750		750	
LOSAP	95,000	95,000		95,000	
Employees' Retirement System	134,905	134,905	134,905		
Police & Firemen's Retirement System	666,311	666,311	666,311		
Township Revaluation Program		468,900	468,900		
<b>Public &amp; Private Programs Offset by Revenues:</b>					
Matching Fund for Grants	10,000	10,000		10,000	

BOROUGH OF POINT PLEASANT  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

OPERATIONS - Excluded from "CAPS"	APPROPRIATIONS		EXPENDED		
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
<b>Public &amp; Private Programs Offset by Revenues (continued):</b>					
Drunk Driving Enforcement Fund	7,240	7,240	7,240		
Clean Communities Grant	27,709	27,709	27,709		
Body Armor Replacement	4,662	8,059	8,059		
Municipal Court Alcohol Education & Rehabilitation Fund	1,446	1,446	1,446		
Municipal Drug Alliance Grant	14,834	14,834	14,834		
Click It or Ticket		4,000	4,000		
Pedestrian Safety Education & Enforcement		8,320	8,320		
Cops In Shops	2,800	2,800	2,800		
Barnegat Bay Estuary Program		3,000	3,000		
Aggressive Driving Grant	8,800	15,800	15,800		
Over The Limit Grant	4,800	4,800	4,800		
<b>Total Operations Excluded from "CAPS"</b>	<b>979,257</b>	<b>1,473,874</b>	<b>1,368,124</b>	<b>105,750</b>	
<b>Detail:</b>					
Other Expenses	979,257	1,473,874	1,368,124	105,750	
<b>Capital Improvements-Excluded from "CAPS":</b>					
Capital Improvement Fund	133,160	133,160	133,160		
Transportation Trust Fund Authority Act - 2008		250,000	250,000		
Transportation Trust Fund Authority Act - 2009	150,000	150,000	150,000		
<b>Total Capital Improvements Excluded From "CAPS"</b>	<b>283,160</b>	<b>533,160</b>	<b>533,160</b>		
<b>Municipal Debt Service - Excluded From "CAPS":</b>					
Payment of Bond Principal	1,080,000	1,080,000	1,080,000		
Interest on Bonds	384,048	384,048	384,048		
Interest on Notes	123,279	123,279	122,890		389
Green Acres Loan Program:					
Payment of Principal	21,897	21,897	21,897		
Payment of Interest	6,323	6,323	6,323		

BOROUGH OF POINT PLEASANT  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

OPERATIONS	APPROPRIATIONS	EXPENDED			
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	CANCELLED
Total Municipal Debt Service Excluded From "CAPS"	1,615,547	1,615,547	1,615,158		389
Deferred Charges - Municipal - Excluded from "CAPS":					
Deferred Charge:					
Special Emergency Authorization	93,600	93,600	93,600		
Total Deferred Charges - Municipal - Excluded from "CAPS":	93,600	93,600	93,600		
Subtotal General Appropriations	15,493,207	16,237,824	15,434,708	802,727	389
Reserve For Uncollected Taxes	1,595,940	1,595,940	1,595,940		
Total General Appropriations	<u>\$17,089,147</u>	<u>17,833,764</u>	<u>17,030,648</u>	<u>802,727</u>	<u>389</u>
Interfunds:					
Federal & State Grant Fund			\$498,008		
Reserve for Uncollected Taxes			1,595,940		
Encumbrances Payable			617,301		
Deferred Charges			94,366		
Special Emergency for Revaluation			468,900		
Disbursements			<u>13,756,133</u>		
Total			<u>\$17,030,648</u>		
Adopted Budget					
Emergency Appropriation		\$17,089,147			
Appropriated by N.J.S.40A:4-87		468,900			
Total		<u>275,717</u>			
Total		<u>\$17,833,764</u>			

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

BOROUGH OF POINT PLEASANT  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2008 AND 2007

ASSETS	REFERENCE	2008	2007
Assessment Fund:			
Assessments Receivable			51
Dog License Fund:			
Cash	B-1	\$2,144	
Change Fund		25	25
Due from Current	A		639
Total Dog License Funds		<u>2,169</u>	<u>664</u>
Other Trust Fund:			
Cash	B-1	783,917	977,943
Cash Held by Trustee	B-13	1,154,422	1,412,236
Interfunds:			
Current Fund	A,B-12	16,851	18,879
Assessment Fund	B-12		51
Total Other Trust & Interfunds		<u>1,955,190</u>	<u>2,409,109</u>
Total - All Funds		<u>\$1,957,359</u>	<u>2,409,824</u>
LIABILITIES & RESERVES			
Assessment Fund:			
Interfund - Trust - Other Fund	B-12		51
Dog License Fund:			
Cash Deficit			458
Due to Current Fund	A,B-4	\$1	
Due to State of New Jersey	B-2	20	206
Reserve for Expenditures	B-3	2,148	
Total Dog License Fund		<u>2,169</u>	<u>664</u>
Other Trust Fund:			
Accounts Payable		9,697	6,370
Reserve For:			
Environmental Reserve	B-8	4,174	2,454
Developer's Escrow	B-9	296,666	358,565
Lien Collections	B-5	119,500	220,500
Miscellaneous Reserves	B-11	134,369	121,187
Recreation	B-6	120,120	214,645
Municipal Open Space	B-7	111,016	66,085
Deferred Compensation Plan	B-13	1,154,422	1,412,236
Municipal Drug Alliance Donations	B-10	5,226	7,067
Total Other Funds		<u>1,955,190</u>	<u>2,409,109</u>
Total - All Funds		<u>\$1,957,359</u>	<u>2,409,824</u>

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

BOROUGH OF POINT PLEASANT  
 GENERAL CAPITAL FUND  
 STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
 AND FUND BALANCE - REGULATORY BASIS  
 DECEMBER 31, 2008 AND 2007

ASSETS	REFERENCE	2008	2007
Cash	C-2	\$1,115,393	795,871
Grants Receivable		1,015,900	1,015,900
Deferred Charges to Future Taxation:			
Unfunded	C-5	13,651,569	11,550,482
Funded	C-4	9,379,755	10,481,652
Due from Current Fund	A	176,743	174,787
Due from Point Pleasant Beach Borough		127,772	
		<hr/>	
Total		\$25,467,132	24,018,692
		<hr/> <hr/>	
 LIABILITIES, RESERVES & FUND BALANCE			
Serial Bonds	C-8	\$9,080,000	10,160,000
BANS Payable	C-10	5,657,485	2,988,580
Due to State & Federal Grant Fund	A	123,606	39,185
Capital Improvement Fund	C-6	116,853	99,404
Improvement Authorizations:			
Unfunded	C-7	3,938,262	7,749,361
Funded	C-7	434,356	815,116
Reserved	C-7	4,239,842	578,157
Green Trust Loan	C-9	299,755	321,652
Reserve for Bay Point Harbor		10,000	10,000
Reserve for Police Department		25,000	25,000
Reserve for Payment of Debt		193,338	193,338
Reserve for Grant Receivables		1,015,900	1,015,900
Fund Balance	C-1	332,735	22,999
		<hr/>	
Total		\$25,467,132	24,018,692
		<hr/> <hr/>	

There were bonds and notes authorized but not issued on December 31, 2008 of \$7,994,084 and on December 31, 2007 was \$8,561,901.

The accompanying Notes to the Financial Statement are an integral part of this Statement.

BOROUGH OF POINT PLEASANT  
WATER-SEWER UTILITY FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2008 AND 2007

ASSETS	REFERENCE	2008	2007
Operating Fund:			
Cash	D-5	\$1,175,904	1,325,979
Cash - Change Fund		300	300
Total		<u>1,176,204</u>	<u>1,326,279</u>
Receivables & Other Assets With Full Reserves:			
Consumer Accounts Receivable	D-7	<u>725,251</u>	<u>761,409</u>
Total Receivable & Other Assets With Full Reserves		<u>725,251</u>	<u>761,409</u>
Deferred Charge:			
Overexpenditure of Prior Year Appropriations		<u>77,799</u>	<u>84,656</u>
Total Operating Fund		<u>1,979,254</u>	<u>2,172,344</u>
Capital Fund:			
Cash	D-5	2,424,473	1,765,966
Fixed Capital Authorized & Uncompleted	D-12	7,335,241	9,453,266
Fixed Capital	D-13	27,414,479	25,518,908
Due From Water-Sewer Operating	D-10	<u>11,688</u>	<u>7,671</u>
Total Capital Fund		<u>37,185,881</u>	<u>36,745,811</u>
Total Operating & Capital Fund		<u>\$39,165,135</u>	<u>38,918,155</u>

Bonds and Notes authorized but not issued as of December 31, 2008 was \$1,109,995 and as of December 31, 2007 was \$2,160,550.

The accompanying Notes to the Financial Statement are an integral part of this Statement.

BOROUGH OF POINT PLEASANT  
WATER-SEWER UTILITY FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
AND FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2008 AND 2007

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2008	2007
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4,D-9	\$334,653	459,036
Reserve for Encumbrances	D-4,D-5	134,668	108,299
Accrued Interest on Bonds & Notes	D-8	99,301	105,948
Due to Water-Sewer Capital	D-10	11,688	7,671
Subtotal		580,310	680,954
Reserve for Receivables	D	725,251	761,409
Fund Balance	D-1	673,693	729,981
Total Operating Fund		1,979,254	2,172,344
Capital Fund:			
Capital Improvement Fund	D-11	323,586	323,586
Serial Bonds	D-17	2,668,000	2,998,000
Bond Anticipation Notes	D-18	3,502,450	2,238,850
Improvement Authorizations:			
Funded	D-16	367,832	771,178
Unfunded	D-16	1,750,302	1,866,672
Reserve for Encumbrances	D-16	657,173	971,258
Reserves for:			
Amortization	D-15	26,960,656	27,065,759
Deferred Amortization	D-14	508,619	508,619
Premiums on BAN's		10,271	
Reserve for Payment of BAN Principal		99,795	
Down Payment on Improvements		600	600
Fund Balance	D-2	336,597	1,289
Total Capital Fund		37,185,881	36,745,811
Total Liabilities, Reserves & Fund Balance		\$39,165,135	38,918,155

The accompanying Notes to the Financial Statement are an integral part of this Statement.

## EXHIBIT D-1

BOROUGH OF POINT PLEASANT  
WATER-SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN OPERATING FUND BALANCE - REGULATORY BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008	2007
Revenue & Other Income Realized:		
Fund Balance Appropriated	\$600,000	600,000
Consumer Accounts Receivable	4,947,697	4,994,722
Interest on Delinquents	30,549	26,230
Miscellaneous	148,351	263,663
Interfund Liquidated		9,001
Unexpended Balance of Appropriation Reserves	384,013	55,148
Unexpended Balance of Encumbrances Payable	11,131	
	<hr/>	<hr/>
Total Income	6,121,741	5,948,764
	<hr/>	<hr/>
Expenditures:		
Operating	4,869,127	4,958,408
Deferred Charges & Statutory Expenditures	170,640	124,337
Debt Service	538,262	523,668
	<hr/>	<hr/>
Total Expenditures	5,578,029	5,606,413
	<hr/>	<hr/>
Excess/Deficit in Revenue	543,712	342,351
	<hr/>	<hr/>
Subtotal	543,712	342,351
	<hr/>	<hr/>
Fund Balance January 1	729,981	987,630
Less: Balance Appropriated	600,000	600,000
	<hr/>	<hr/>
Fund Balance December 31	\$673,693	729,981
	<hr/> <hr/>	<hr/> <hr/>

## EXHIBIT D-2

STATEMENT OF CAPITAL SURPLUS - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008

Balance December 31, 2007	\$1,287
Add:	
Funded Authorizations Cancelled	<hr/> 335,310
Balance December 31, 2008	<hr/> <hr/> \$336,597

The accompanying Notes to the Financial Statement are an integral part of this Statement.

EXHIBIT D-3

BOROUGH OF POINT PLEASANT  
 WATER-SEWER UTILITY OPERATING FUND  
 STATEMENT OF REVENUES - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	ANTICIPATED	REALIZED	EXCESS OR (DEFICIT)
Rents	\$4,783,029	4,947,697	164,668
Interest & Costs on Water - Sewer Rents	20,000	30,549	10,549
Miscellaneous	175,000	148,351	(26,649)
Total	\$4,978,029	5,126,597	148,568
<b>Miscellaneous</b>			
Return Check Charge			\$960
Tap Fees			7,315
Meter Sale & Repairs			15,810
Other			4,659
On/Off Charges			8,565
Connection Fees			21,305
Road Openings			16,200
Interest & Costs on Investments			73,537
Total Miscellaneous			\$148,351

The accompanying Notes to the Financial Statement are an integral part of this Statement.

BOROUGH OF POINT PLEASANT  
 WATER-SEWER UTILITY OPERATING FUND  
 STATEMENT OF EXPENDITURES - REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2008

	ORIGINAL BUDGET	BUDGET AFTER MODIFICATION	EXPENDED	
			PAID OR CHARGED	RESERVED
Operating:				
Salaries and Wages	\$1,022,443	1,022,443	930,855	91,588
Other Expenses	2,106,684	2,106,684	1,887,069	219,615
Ocean County Utilities Authority	1,740,000	1,740,000	1,722,240	17,760
Debt Service:				
Payment of Bond Principal	330,000	330,000	330,000	
Interest on Bonds	115,909	115,909	115,909	
Interest on BANS	92,353	92,353	92,353	
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	72,640	72,640	72,640	
Social Security System (O.A.S.I.)	77,000	77,000	71,310	5,690
Unemployment Compensation Insurance	21,000	21,000	21,000	
Total Expenditures	<u>\$5,578,029</u>	<u>5,578,029</u>	<u>5,243,376</u>	<u>334,653</u>
			Disbursements	\$5,108,498
			Encumbrances Payable	134,668
			Accrued Interest Adjustment	210
			Total	<u>\$5,243,376</u>

The accompanying Notes to the Financial Statement are an integral part of this Statement.

## EXHIBIT E

BOROUGH OF POINT PLEASANT  
GENERAL FIXED ASSETS ACCOUNT GROUP  
STATEMENTS OF GENERAL FIXED ASSETS  
DECEMBER 31, 2008 AND 2007

ASSETS	2008	2007
Land	\$4,348,111	3,413,605
Building & Improvements	4,427,014	3,854,080
Equipment & Machinery	2,832,652	5,359,692
Vehicles	1,493,607	
	<hr/>	<hr/>
Total	\$13,101,384	12,627,377
	<hr/> <hr/>	<hr/> <hr/>
FUND BALANCE		
Investment in General Fixed Assets	\$13,101,384	12,627,377
	<hr/> <hr/>	<hr/> <hr/>

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

## EXHIBIT F

BOROUGH OF POINT PLEASANT  
 PAYROLL FUND  
 STATEMENTS OF ASSETS, LIABILITIES, RESERVES  
 AND FUND BALANCE - REGULATORY BASIS  
 DECEMBER 31, 2008 AND 2007

ASSETS	REFERENCE	2008	2007
Cash - Treasurer	F-1	\$118,544	88,298
Due from Current	A	<u>2,567</u>	<u>2,097</u>
Total		<u>\$121,111</u>	<u>90,395</u>
<b>LIABILITIES</b>			
Payroll Taxes Payable	F-2	<u>\$121,111</u>	<u>90,395</u>
Total		<u>\$121,111</u>	<u>90,395</u>

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

**BOROUGH OF POINT PLEASANT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

**B. Descriptions of Funds**

The accounting policies of the Borough conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, (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 Borough accounts for its financial transactions through the following separate funds:

**Current Fund** - resources and expenditures for government operations of a general nature, including Federal and State Grant funds.

**Assessment Trust Fund** - used to account for the financing of local improvements deemed to benefit the properties against which assessments are levied.

**Dog Trust Fund** - dog license revenues and expenditures.

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

**General Capital Fund** - receipt and disbursement of funds for the acquisition of capital facilities, other than those acquired in the Current Fund.

**Water-Sewer Utility Operating Fund** - revenue and expenditures necessary to operate a municipally owned water supply system from user fees.

**Water-Sewer Utility Capital Fund** - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of water-sewer capital facilities, other than those acquired through the Water-Sewer Utility Operating Fund, including the status of bonds and notes authorized for said purposes.

**BOROUGH OF POINT PLEASANT**

**NOTES TO FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

**C. Basis of Accounting**

**Revenues** – are recorded as received in cash except for certain amounts, which may be due from the State of New Jersey or the federal government as grants. The amounts recorded as property taxes receivable and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality which are susceptible of accrual are recorded as receivables with offsetting reserves.

**Expenditures** – are recorded on the “budgetary” basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a liability in the financial statements and constitute part of the Borough’s statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balance are automatically created at December 31<sup>st</sup> of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

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

**Interfunds** – receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

**Inventories of Supplies** - the 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.

**General Fixed Assets** - in accordance with the Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division, the Borough has developed a fixed assets accounting and reporting system. Fixed assets acquired prior to January 1, 1987 are based on an inspection and appraisal prepared by an independent firm. All general fixed assets acquired after January 1, 1987 are recorded at cost. Capital leases are not reported in the General Fixed Assets.

BOROUGH OF POINT PLEASANT

NOTES TO FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

No depreciation has been provided for the financial statements.

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

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

**Utility Fixed Assets** - accounting for utility fund "fixed capital" remains unchanged under the requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Water-Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements.

Property and equipment of the Water-Sewer Utility Fund are not depreciated. Principal payments for Water-Sewer Utility debt are recorded as expenditures in the Water-Sewer Utility Statement of Operations.

**Comparative Data** - Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to read.

**Budgets** - the Borough is required by state law to adopt an annual budget for the Current Fund. Each budget is presented in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**BOROUGH OF POINT PLEASANT**

**NOTES TO FINANCIAL STATEMENTS (continued):  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

The following steps are taken in establishing the budgetary data reflected in the financial statements:

1. Prior to February 10<sup>th</sup> of the budget year the Borough introduces a budget, which includes proposed expenditures and financing methods.
2. A public hearing is held 28 days after introduction, after a public hearing the budget may be adopted by the governing body.

Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Note 2. Cash and Cash Equivalents and Investments**

The Township is governed by the deposit and investment limitations of New Jersey state law. The Deposits and investments held at December 31, 2008, and reported at fair value are as follows:

Type	Carrying Value
<b>Deposits:</b>	
Demand Deposits	\$17,599,126
New Jersey Cash Management Fund	340,453
<b>Investments:</b>	
Deferred Compensation Investments	<u>1,154,422</u>
<b>Total Deposits</b>	<u>\$19,094,001</u>
<b>Reconciliation of Statement of Comparative Balance Sheets:</b>	
Current:	
Treasurer	\$12,319,204
Dog Trust	2,144
Other Trust	1,938,339
General Capital	1,115,393
Payroll Fund	118,544
Water/Sewer Operating	1,175,904
Water/Sewer Capital	<u>2,424,473</u>
<b>Total Reconciliation of Comparative Balance Sheets</b>	<u>\$19,094,001</u>

**Custodial Credit Risk** – Deposits in financial institutions, reported as components of cash, cash equivalents and investments had a bank balance of \$17,688,419 at December 31, 2008. Of the bank

**BOROUGH OF POINT PLEASANT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 2. Cash and Cash Equivalents and Investments (continued):**

balance \$250,000 was fully insured by the FDIC (Federal Depository Insurance Corporation), \$17,438,419 was secured by a collateral pool held by the bank, but not in the Township's name, as required by New Jersey's Governmental Unit Deposit Protection Act (GUDPA), and \$1,154,422 was held by a trustee in employee deferred compensation plans and was uninsured. The Governmental Unit Deposit Protection Act is more fully described in Note 3 of these financial statements.

**Investment Interest Rate Risk** – 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. Maturities of investment held at December 31, 2008, are provided in the above schedule.

**Investment Credit Risk** – The Township has no investment policy that limits its investment choices other than the limitation of state law as follows:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- Government money market mutual funds;
- Any obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor;
- Bonds or other obligations of the Township or bonds or other obligations of the local unit or units within which the Township is located;
- Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, approved by the Division of Investment in the Department of Treasury for investment by the Township;
- Local Governments investment pools;
- Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281; or
- Agreements for the repurchase of fully collateralized securities with certain limitations.

**Concentration of Investment Credit Risk** – The Township places no limit on the amount it may invest in any one issuer.

**BOROUGH OF POINT PLEASANT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 3. Governmental Unit Deposit Protection Act (GUDPA)**

The Township has deposited cash in 2008 with an approved public fund depository qualified under the provisions of the Government Unit Deposit Protection Act. In addition to savings and checking accounts the Township invests monies in certificates of deposits.

The Governmental Unit Deposit Protection Act P.L. 1970, Chapter 236, was passed to afford protection against bankruptcy or default by a depository. C.17:9-42 provides that no governmental unit shall deposit funds in a public depository unless such funds are secured in accordance with this act. C.17:9-42 provides that every public depository having public funds on deposit shall, as security for such deposits, maintain eligible collateral having a market value at least equal to either (1) 5% of the average daily balance of collected public funds on deposit during the 6 month period ending on the next preceding valuation date (June 30 or December 31) or (2) at the election of the depository, at least equal to 5% of the average balance of collected public funds on deposit on the first, eighth, fifteenth, and twenty-second days of each month in the 6 month period ending on the next preceding valuation date (June 30 or December 31). No public depository shall be required to maintain any eligible collateral pursuant to this act as security for any deposit or deposits of any governmental unit to the extent such deposits are insured by F.D.I.C. or any other U.S. agency which insures public depository funds.

No public depository shall at any time receive and hold on deposit for any period in excess of 15 days public funds of a governmental unit(s) which, in the aggregate, exceed 75% of the capital funds of the depository, unless such depository shall, in addition to the security required to be maintained under the paragraph above, secure such excess by eligible collateral with a market value at least equal to 100% of such excess.

In the event of a default, the Commissioner of Banking within 20 days after the default occurrence shall ascertain the amount of public funds on deposit in the defaulting depository and the amounts covered by federal deposit insurance and certify the amounts to each affected governmental unit. Within 10 days after receipt of this certification, each unit shall furnish to the Commissioner verified statements of its public deposits. The Commissioner shall ascertain the amount derived or to be derived from the liquidation of the collateral maintained by the defaulting depository and shall distribute such proceeds pro rata among the governmental units to satisfy the net deposit liabilities to such units.

If the proceeds of the sale of the collateral are insufficient to pay in full the liability to all affected governmental units, the Commissioner shall assess the deficiency against all other public depositories having public funds on deposit determined by a formula determined by law. All sums collected by the Commissioner shall be paid to the governmental units having deposits in the defaulting depository in the proportion that the net deposit liability to each such governmental unit bears to the aggregate of the net deposit liabilities to all such governmental units.

All public depositories are required to furnish information and reports dealing with public funds on deposit every six months, June 30th and December 31st, with the Commissioner of Banking. Any public depository which refuses or neglects to give any information so requested may be excluded by the

**BOROUGH OF POINT PLEASANT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 3. Governmental Unit Deposit Protection Act (GUDPA) (continued):**

Commissioner from the right to receive public funds for deposit until such time as the Commissioner shall acknowledge that such depository has furnished the information requested.

Upon review and approval of the Certification Statement that the public depository complies with statutory requirements, the Commissioner issues forms approving the bank as a municipal depository. The Municipality should request copies of these approval forms semiannually to assure that all depositories are complying with requirements.

**Note 4. Debt**

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

**A. Long-Term Debt**

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

**General Capital Fund**

**Bonded Debt:**

4.35% - 4.50% General Improvement Serial Bonds	
Issued September 1, 1998 Due Through September 1, 2014	\$2,755,000
3.375% - 3.75% General Improvement Bonds Issued	
December 15, 2003 Through December 15, 2015	<u>6,325,000</u>

Total	<u>\$9,080,000</u>
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**Green Trust Loan**

1989 Program – 2.00% Due Through August 21, 2020	\$ 98,306
1992 Program – 2.00% Due Through July 27, 2020	<u>201,449</u>

Total	<u>\$299,755</u>
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**BOROUGH OF POINT PLEASANT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 4. Debt (continued):**

**Water-Sewer Utility Capital Fund**

4.35% - 4.50% Sewer Bonds Issued September 1, 1998 Through September 1, 2015	\$1,140,000
3.375% - 3.625% Water Sewer Utility Bonds Issued December 15, 2003 Through December 15, 2014	<u>1,528,000</u>
Total	<u>\$2,668,000</u>

The bonds matured serially in installments to the year 2015. Aggregate debt service requirements during the next five fiscal years and thereafter are as follows:

Year	GENERAL CAPITAL FUND			
	Bonded Debt		Green Trust Loan	
	Principal	Interest	Principal	Interest
2009	\$ 1,140,000	\$ 343,446	\$ 22,338	\$ 5,995
2010	1,300,000	300,615	22,787	5,548
2011	1,320,000	251,915	23,244	5,093
2012	1,320,000	202,335	23,711	4,628
2013	1,490,000	152,755	24,188	4,154
2014-2018	2,510,000	134,625	128,431	13,314
2019-2020			55,056	1,657
Total	<u>\$ 9,080,000</u>	<u>\$1,385,691</u>	<u>\$299,755</u>	<u>\$40,389</u>

**WATER – SEWER UTILITY**

Year	Principal	Interest
2009	\$ 353,000	\$103,388
2010	365,000	89,988
2011	395,000	76,078
2012	445,000	60,998
2013	460,000	44,168
2014-2015	<u>50,000</u>	<u>34,188</u>
Total	<u>\$2,668,000</u>	<u>\$408,808</u>

**BOROUGH OF POINT PLEASANT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 4. Debt (continued):**

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

At December 31, 2008, the Borough had authorized but not issued bonds and notes as follows:

General Capital	\$7,994,084
Water/Sewer Capital	1,109,995

**D. Borrowing Power**

New Jersey statutes limit the debt of a municipality to 3.5% of the average of the last three preceding years equalized valuations of the taxable real estate and improvements. The Borough's statutory net debt at December 31, 2008 was .62%. The Borough's remaining borrowing power is \$105,483,578.

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

**Note 5. 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 Borough's liability related to unused vacation and sick pay. The Borough 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, as calculated by the Borough, would approximate \$1,648,328 at December 31, 2008 in accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying statements.

**Note 6. Fund Balances Appropriated**

The municipal budget for 2009 has been introduced and, therefore, the fund balances at December 31, 2008, which are appropriated and included as anticipated revenues in the year ending December 31, 2009 are as follows:

Current Fund	\$971,228
Water-Sewer Utility Operating Fund	595,800

**Note 7. Taxes Collected in Advance**

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

**BOROUGH OF POINT PLEASANT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 7. Taxes Collected in Advance (continued):**

	Balance December 31,	
	2008	2007
Prepaid Taxes	<u>\$513,740</u>	<u>\$572,456</u>

**Note 8. Assessments and Collection of Property Taxes**

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

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

**Note 9. Deferred Charges to Future Taxation Funded and Unfunded**

Upon the authorization of capital projects, the Borough 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 nonfunding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

BOROUGH OF POINT PLEASANT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008

**Note 10. Pension**

**A. Plan Description**

The Borough of Point Pleasant contributes to a cost-sharing multiple-employer defined benefit pension plan, Public Employees' Retirement System (P.E.R.S.) and Police and Fireman's Retirement System (P.F.R.S.), administered by the State of New Jersey, Division of Pensions and Benefits. It provides retirement, disability, medical and death benefits to plan members and beneficiaries. The State of New Jersey P.E.R.S. and P.F.R.S. programs were established as of January 1, 1955 and July 1, 1944, respectively. The programs were established under the provisions of *N.J.S.A.43:15A* and *N.J.S.A.43:16A* which assigns authority to establish and amend benefit provisions to the plan's board of trustees. P.E.R.S. and P.F.R.S. issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625, or calling (609) 984-1684.

**B. Funding Policy**

The System's designated purpose is to provide retirement, death, disability and medical benefits to certain qualified members. Membership in the System is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction. The System's Board of Trustees is primarily responsible for the administration of the System.

According to the State of New Jersey administrative code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

Plan members are required to contribute 5% through June 30, 2008 and 5.5% thereafter of their annual covered salary for P.E.R.S, 8.5% of their annual covered salary for P.F.R.S. and the Borough is required to contribute at an actuarially determined rate. The current rate represents approximately .0% for P.E.R.S. and 4.89% for P.F.R.S. of annual covered payroll. The contribution requirements of plan members and the Borough of Point Pleasant are established and may be amended by the plan's board of trustees. The Borough's contributions to P.E.R.S. for the years ending December 31, 2008, 2007 and 2006 were \$134,905, \$82,804 and \$42,558, respectively, equal to the required contributions for each year, and to P.F.R.S. for the years ending December 31, 2008, 2007 and 2006 were \$666,311, \$413,301 and \$268,779, respectively, equal to the required contributions for each year.

**BOROUGH OF POINT PLEASANT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 11. Risk Management**

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omission, injuries to employees; and natural disaster. The Borough is a member of the Ocean County Municipal Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program, which has a contract for excess liability insurance for property.

**Note 12. Deferred Compensation**

The Borough's Deferred Compensation Program is offered to all Borough employees. The program was created in accordance with Section 457 of the Internal Revenue Code. The Borough through a program administrator, the Nationwide Life Insurance Company, offers the program.

All compensation deferred under the program and all income attributable to these amounts are (until paid or made available to the employee or other beneficiary) solely the property and right of the Borough. The program balances are recorded in the Trust Fund of the Borough.

**Note 13. School Taxes**

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

In 1993 Section 13, P.L. 1991, C. 63 was amended to provide municipalities with the option to determine the percentage if any of the amount allowable to be deferred to offset the local property tax levy for local purposes.

**BOROUGH OF POINT PLEASANT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 13. School Taxes (continued):**

	Local District School Tax	
	Balance December 31, 2008	Balance December 31, 2007
Tax Payable	\$ 7,695,631	\$ 7,293,950
Deferred	<u>6,248,707</u>	<u>6,248,707</u>
<b>Total Unpaid School Taxes</b>	<b><u>\$13,944,338</u></b>	<b><u>\$13,542,657</u></b>

**Note 14. Change in Fixed Assets**

The balance of fixed assets carries land and buildings at an assessed value, all other equipment are carried on an original cost basis. The Township underwent a full fixed assets inventory during 2009. The following schedule is a summarization of General Fixed Assets:

	Balance December 31, 2007	Adjustment to Physical Inventory	Balance December 31, 2008
Land	\$ 3,413,605	\$ 934,506	\$ 4,348,111
Building & Improvements	3,854,080	572,934	4,427,014
Equipment & Machinery	5,359,692	(2,527,040)	2,832,652
Vehicles	<u>1,493,607</u>	<u>1,493,607</u>	<u>1,493,607</u>
<b>Total</b>	<b><u>\$12,627,377</u></b>	<b><u>\$ 474,007</u></b>	<b><u>\$13,101,384</u></b>

**Note 15. Contingent Liabilities**

**State and Federal Financial Assistance**

The Borough 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.

**BOROUGH OF POINT PLEASANT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

**Note 15. Contingent Liabilities (continued):**

As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2008, the Borough estimates that no material liabilities will result from such audits.

**Pending Litigation**

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

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

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

**Note 16. Interfunds**

The following interfunds remained as of December 31, 2008:

Fund	Debit	Credit
Current Fund		132,096
Dog License Fund		1
Trust Other	\$ 16,851	
State & Federal Grant	59,542	
General Capital	53,137	
Payroll Fund	2,567	
Utility Operating		11,688
Utility Capital	<u>11,688</u>	
Total	<u>\$143,785</u>	<u>\$143,785</u>

The purpose of these interfunds is short-term borrowings.

**APPENDIX C**  
**FORM OF LEGAL OPINION**

APPENDIX C – LEGAL OPINION FORM LETTER

July \_\_, 2010

Borough Council of the  
Borough of Point Pleasant, in the  
County of Ocean, New Jersey

Dear Council Members:

We have acted as Bond Counsel to the Borough of Point Pleasant, in the County of Ocean, New Jersey (the "Borough") in connection with the issuance by the Borough of the \$19,870,000 General Obligation Bonds, consisting of \$14,890,000 General Improvement Bonds and \$4,980,000 Sewer Utility Bonds, dated July 15, 2010 (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a Resolution adopted by the Borough Council on June 15, 2010 and Bond Ordinances No's. 98-13, 94-11, 98-26, 99-29, 99-30, 00-14, 00-17, 00-25, 01-10, 01-12, 01-17, 01-23, 01-28, 04-02, 04-07, 04-08, 04-09, 04-15, 05-17, 05-21, 06-19, 07-11, 07-16, 07-17, 07-18, 08-10, 09-03, 09-18, 10-09, 98-16, 04-16, 04-22, 05-22, 06-08, 06-20, 06-26, 07-12, 07-13, 08-11, 09-19 and 10-08, each in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding general obligations of the Borough and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the Borough for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The Borough has covenanted to comply with continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve tax exemption under the Internal Revenue Code of 1986, as amended (the "Code"). Failure to comply with certain requirements of the Code may cause interest on the Bonds to be included in gross income for federal income

July \_\_\_\_, 2010

Page 2

tax purposes retroactive to the date of issuance of the Bonds. In the event that the Borough continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Borough, it is our opinion that interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. Pursuant to the American Recovery and Reinvestment Act of 2009, interest on the Bonds is not counted in determining "adjusted current earnings" for the purpose of computing the federal alternative minimum tax imposed on certain corporations. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, interest on the Bonds and any gain on the sale thereof, are not included in gross income under the New Jersey Gross Income Tax Act.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

BATHGATE, WEGENER & WOLF, P.C.

**APPENDIX D**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**



# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.) has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.  
(FORMERLY KNOWN AS FINANCIAL  
SECURITY ASSURANCE INC.)

By \_\_\_\_\_  
Authorized Officer

(212) 826-0100