

OFFICIAL STATEMENT DATED AUGUST 2, 2012

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming continuing compliance by the Township (as defined herein) with certain covenants described herein, interest on the Refunding Bonds (as defined herein) is not includable in gross income for federal income tax purposes under current law and is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. Interest on the Refunding Bonds held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax imposed on corporations as a result of the inclusion of interest on the Refunding Bonds in "adjusted current earnings." Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Refunding Bonds. Further, in the opinion of Bond Counsel, interest on the Refunding Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX EXEMPTION" herein.

**\$5,790,000 GENERAL IMPROVEMENT REFUNDING BONDS
TOWNSHIP OF MOORESTOWN,
IN THE COUNTY OF BURLINGTON, NEW JERSEY
(Book-Entry-Only) (Bank Qualified)**

Dated: Date of Delivery

Due: May 1, as shown below

The \$5,790,000 General Improvement Refunding Bonds (the "Refunding Bonds") of the Township of Moorestown, in the County of Burlington, New Jersey (the "Township") will be issued in the form of one certificate for the aggregate principal amount of the Refunding Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository. See "Book-Entry-Only System" herein.

Interest on the Refunding Bonds will be payable semiannually on May 1 and November 1 in each year until maturity, commencing on November 1, 2012. Principal of and interest on the Refunding Bonds will be paid to DTC by the Township or its designated paying agent. Interest on the Refunding Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding April 15 and October 15 (the "Record Dates" for the payment of interest on the Refunding Bonds). The Refunding Bonds are not subject to redemption prior to their stated maturities. See "DESCRIPTION OF THE REFUNDING BONDS-Redemption" herein.

The Refunding Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) a refunding bond ordinance, duly and finally adopted by the Township Council on March 26, 2012 and published in accordance with the requirement of the Local Bond Law; and (iii) a resolution adopted by the Township Council on March 26, 2012.

The Refunding Bonds are being issued by the Township to provide funds which will be used: (i) advance refund and redeem all of the Township's outstanding callable \$15,000,000 General Improvement Bonds, dated May 1, 2003, maturing May 1 in the years 2014 through 2018, both dates inclusive; and (ii) pay certain costs and expenses incidental to the issuance and delivery of the Refunding Bonds.

The Refunding Bonds are valid and legally binding obligations of the Township and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the Township for the payment of the Refunding Bonds and the interest thereon without limitation as to rate or amount.

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS*

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2014	\$1,080,000	3.00%	0.70%
2015	\$1,115,000	3.00%	0.90%
2016	\$1,155,000	4.00%	1.00%
2017	\$1,200,000	3.00%	1.15%
2018	\$1,240,000	3.00%	1.37%

The Refunding Bonds are offered when, as and if issued, and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Newark, New Jersey, and certain other conditions described herein. Acacia Financial Group, Inc., Marlton, New Jersey, is acting as Financial Advisor to the Township in connection with the issuance of the Refunding Bonds. Certain legal matters will be passed upon for the Underwriter by its council Carella, Byrne, Cecchi, Olstein, Broady & Agnello, P.C., Roseland, New Jersey. Delivery is anticipated to be at the offices of the Township's Bond Counsel, McManimon, Scotland & Baumann, LLC, or at such other place as agreed to with the Underwriter on or about August 16, 2012.

ROOSEVELT & CROSS
Incorporated

**TOWNSHIP OF MOORESTOWN,
IN THE COUNTY OF BURLINGTON NEW JERSEY**

MAYOR

John Button

COUNCIL MEMBERS

Greg Gallo, Deputy Mayor
Christopher Chiacchio
Stacey Jordan
Michael Testa

CHIEF FINANCIAL OFFICER

Thomas J. Merchel

CLERK

Patricia Hunt

AUDITOR

Holman & Frenia, P.C.
Medford, New Jersey

ATTORNEY

Raymond Coleman Heinold & Norman LLP
Moorestown, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

FINANCIAL ADVISOR

Acacia Financial Group, Inc.
Marlton, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Refunding Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Township. The Underwriter has reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

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

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 Refunding Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
DESCRIPTION OF THE REFUNDING BONDS	1
SECURITY AND SOURCE OF PAYMENT	2
AUTHORIZATION AND USE OF PROCEEDS	2
BOOK-ENTRY-ONLY SYSTEM	3
ESTIMATED SOURCES AND USES OF FUNDS	5
MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES	6
FINANCIAL STATEMENTS	10
LITIGATION	10
TAX EXEMPTION	10
LEGALITY FOR INVESTMENT	12
MUNICIPAL BANKRUPTCY	12
APPROVAL OF LEGAL PROCEEDINGS	13
PREPARATION OF OFFICIAL STATEMENT	13
RATING	13
UNDERWRITING	14
FINANCIAL ADVISOR	14
SECONDARY MARKET DISCLOSURE	14
VERIFICATION OF MATHEMATICAL COMPUTATIONS	16
ADDITIONAL INFORMATION	16
CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT	16
MISCELLANEOUS	17
APPENDIX A	
Economic and Demographic Information Relating to the Township of Moorestown, in the County of Burlington, New Jersey	A-1
APPENDIX B	
Financial Statements as of December 31, 2011	B-1
APPENDIX C	
Form of Approving Legal Opinion	C-1

**OFFICIAL STATEMENT
OF
THE TOWNSHIP OF MOORESTOWN,
IN THE COUNTY OF BURLINGTON, NEW JERSEY**

\$5,790,000 GENERAL IMPROVEMENT REFUNDING BONDS

**(BOOK-ENTRY-ONLY ISSUE)
(BANK QUALIFIED)**

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by the Township of Moorestown, in the County of Burlington, New Jersey (the "Township") in connection with the sale and issuance of its \$5,790,000 General Improvement Refunding Bonds (the "Refunding Bonds"). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer, and its distribution and use in connection with the sale of the Refunding Bonds has been authorized by the Township.

This Official Statement contains specific information relating to the Refunding Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future and is not necessarily indicative of future or continuing trends in the financial position of the Township.

DESCRIPTION OF THE REFUNDING BONDS

The following is a summary of certain provisions of the Refunding Bonds. Reference is made to the Refunding Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Refunding Bonds shall be dated the date of delivery and shall mature on May 1 in each of the years and in the amounts set forth on the front cover page hereof. The Refunding Bonds shall bear interest from the date of delivery payable semi-annually on the first days of May and November, commencing on November 1, 2012 (each an "Interest Payment Date"), at the interest rates set forth on the front cover page hereof in each year until maturity by the Township or a duly appointed paying agent to the registered owners of the Refunding Bonds as of each April 15 and October 15 immediately preceding the respective Interest Payment Dates (the "Record Dates"). So long as The Depository Trust Company, New York, New York ("DTC"), or its nominee is the registered owner of the Refunding Bonds, payments of the principal of and interest on the Refunding Bonds will be made by the Township or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC Participants, which will in turn remit such payments to the beneficial owners of the Refunding Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Refunding Bonds will be issued in fully registered book-entry-only form, without certificates. One certificate shall be issued for the aggregate principal amount of Refunding Bonds maturing in each year, and when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Refunding Bonds. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Refunding Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$1,000 integrals, with a minimum purchase of \$5,000, through book entries made on the books and the records of DTC and its participants. Individual purchasers of the Refunding Bonds will not receive certificates representing their beneficial ownership interests in the Refunding Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Refunding Bonds purchased. *See* "BOOK-ENTRY-ONLY SYSTEM" herein.

Redemption

The Refunding Bonds are not subject redemption prior to maturity.

SECURITY AND SOURCE OF PAYMENT

The Refunding Bonds are valid and legally binding general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal and the interest on the Refunding Bonds. The Township is required by law to levy ad valorem taxes upon all the real property taxable within the Township for the payment of the principal of and the interest on the Refunding Bonds without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Refunding Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

AUTHORIZATION AND USE OF PROCEEDS

The Refunding Bonds have been authorized by, and are to be issued pursuant to the laws of the State of New Jersey, including, without, limitation, the Local Bond Law, N.J.S.A. 40A:2-1 *et seq.*, a refunding bond ordinance entitled, " REFUNDING BOND ORDINANCE OF THE TOWNSHIP OF MOORESTOWN, IN THE COUNTY OF BURLINGTON, NEW JERSEY, PROVIDING FOR THE REFUNDING OF ALL OR A PORTION OF THE OUTSTANDING GENERAL IMPROVEMENT BONDS OF THE TOWNSHIP, DATED MAY 1, 2003, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$15,000,000, APPROPRIATING \$6,300,000 THEREFOR AND AUTHORIZING THE ISSUANCE OF \$6,300,000 REFUNDING BONDS OF THE TOWNSHIP FOR FINANCING THE COST THEREOF," finally adopted March, 26 2012, by a resolution entitled "RESOLUTION DETERMINING THE FORM AND OTHER DETAILS OF NOT TO EXCEED \$6,300,000 PRINCIPAL AMOUNT OF REFUNDING BONDS OF THE TOWNSHIP OF MOORESTOWN, IN THE COUNTY OF BURLINGTON, NEW JERSEY AND PROVIDING FOR THE SALE AND THE DELIVERY OF SUCH BONDS," adopted on March 26, 2012. The Local Finance Board of the Department of Community Affairs issued positive findings with respect to the financing by virtue a resolution adopted on March 9, 2012.

The purpose of the Refunding Bonds is to (i) advance refund all of the remaining outstanding callable principal amount of the originally issued \$15,000,000 General Improvement Bonds of the Township dated May 1, 2003 and maturing on May 1, in the years 2014 through and including 2018, in the total amount of \$5,935,000 (the "Refunded Bonds"), on May 1, 2013 (the "Redemption Date") at par plus any unpaid accrued interest to the Redemption Date; and (ii) paying the costs of issuance with respect to the Refunding Bonds.

Pursuant to an escrow agreement ("Escrow Agreement"), dated the date of issuance of the Refunding Bonds, between the Township and Deutsche Bank National Trust Company, Jersey City, NJ as escrow agent ("Escrow Agent"), the Township will irrevocably deposit direct non-callable obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations") with the Escrow Agent, which Government Obligations will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, sufficient moneys will be available to make full and timely payments of the principal or redemption price of and interest on the Refunding Bonds.

BOOK-ENTRY-ONLY SYSTEM¹

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Refunding Bonds, payment of principal and interest, and other payments on the Refunding Bonds to DTC Participants or Beneficial Owners defined below, confirmation and transfer of beneficial ownership interests in the Refunding Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. Accordingly, the Township does not make any representations concerning these matters.

DTC will act as securities depository for the Refunding Bonds. The Refunding Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Refunding Bonds, each in the aggregate principal amount of such maturity, 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 rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding 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 Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing

¹ Source: The Depository Trust Company

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

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

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

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

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

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

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

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

Discontinuance of Book-Entry-Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Refunding Bonds, the following provisions apply: (i) the Refunding Bonds may be exchanged for an equal aggregate principal amount of Refunding Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Township/paying agent; (ii) the transfer of any Refunding Bonds may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Township/paying agent together with the duly executed assignment in form satisfactory to the Township/paying agent; and (iii) for every exchange or registration of transfer of Refunding Bonds, the Township/paying agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Refunding Bonds. Interest on the Refunding Bonds will be payable by check or draft, mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the first (1st) day, whether or not a business day, of the calendar month next preceding an Interest Payment Date.

ESTIMATED SOURCES AND USES OF FUNDS

The Township expects to use the proceeds from the sale of the Refunding Bonds as follows:

Sources of Funds:

Principal Amount of Refunding Bonds	\$ 5,790,000.00
Plus Original Issue Premium	<u>442,451.90</u>
Total Sources of Funds:	\$ 6,232,451.90

Uses of Funds:

Deposit into Escrow Fund	\$ 6,147,416.03
Costs of Issuance ⁽¹⁾	<u>85,035.87</u>
Total Uses of Funds:	\$ 6,232,451.90

⁽¹⁾ Includes, *inter alia*, underwriter's discount, credit rating, legal, financial advisory, accounting, verification, escrow agent, printing and fiduciary fees and other expenses incurred in connection with the issuance of the Refunding Bonds.

**MUNICIPAL FINANCE -
FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

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

The Local Bond Law, N.J.S.A. 40A:2-1 et seq. (the “Local Bond Law”), governs the issuance of bonds and notes to finance certain municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects financed and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township are general full faith and credit obligations.

The authorized bonded indebtedness of the Township is limited by statute, subject to certain exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. The average for the last three (3) years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries as annually determined by the New Jersey Board of Taxation was \$4,505,994,962 (as of December 31, 2011) for the Township.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

The Township may exceed its debt limit with the approval of the Local Finance Board, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Township may sell "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as may be amended and supplemented, creating such capital expenditure. A Township's bond anticipation notes may be issued for periods not exceeding one (1) year. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

The foundation of the New Jersey local finance system is the annual cash basis budget. The Township, which operates on a calendar year (January 1 to December 31), must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the director of the Division (the “Director”) prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations, among others, for certification.

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

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

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

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

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

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

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

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

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAPS" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAPS" appropriations.

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

Legislation constituting P.L. 2010, c. 44, approved July 13, 2010 limits tax levy increases for local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the “Cap Law” limits, including the provisions of the recent legislation, would limit the obligation of the Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service on its bonds or notes.

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

Fiscal Year Adjustment Law (1991 N.J. Laws c. 75)

Chapter 75 of the Laws of New Jersey of 1991, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year. Municipalities that change fiscal years must adopt a six (6) month transition budget for July 1 through June 30. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the act authorizes the issuance of Fiscal Year Adjustment Bonds to fund the one time deficit for the six (6) month transition budget. The law provides that the deficit in the six (6) month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six (6) month transition budget. Notes issued in anticipation of Fiscal Year Adjustment Bonds, including renewals, can only be issued for up to one (1) year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue Fiscal Year Adjustment Bonds to finance the deficit on a permanent basis. The purpose of the act is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the law does not authorize counties to change

their fiscal years, it does provide that counties with cash flow deficits may issue Fiscal Year Adjustment Bonds as well.

State Supervision

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law, or the Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 et seq., which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income (where appropriate). Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the municipality's local school district and the county, the tax rate is struck by a 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 the State for various special services rendered to the properties located within the special districts.

Tax bills are sent in June 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%) per annum on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500.00. Pursuant to 1991 N.J. Laws c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. These penalties and interest are the highest permitted under State Statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State Statutes.

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 1st 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.

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Director. A synopsis of the report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the local unit's receipt of the audit report.

FINANCIAL STATEMENTS

The financial statements of the Township for the year ended December 31, 2011 are presented in Appendix B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Holman & Frenia, P.C., Medford, New Jersey, an independent auditor (the "Auditor"), as stated in its report appearing in Appendix B to this Official Statement. See "APPENDIX B – Audited Financial Statements as of December 31, 2011".

LITIGATION

To the knowledge of the Township Attorney, Thomas J. Coleman, III, Esq, of Raymond Coleman Heinold & Norman LLP, Moorestown, New Jersey (the "Township Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Refunding Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Refunding Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Refunding Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. To the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided. A certificate to such effect will be executed by the Township Attorney and delivered to the purchaser of the Refunding Bonds at the closing.

TAX EXEMPTION

Applicable federal tax law provides that interest on obligations such as the Refunding Bonds is not included in gross income for federal income tax purposes only if certain requirements are met. In its Certificate (the "Tax Certificate") as to Arbitrage and Compliance with the Internal Revenue Code of 1986, as amended (the "Code") which will be delivered in connection with the issuance of the Refunding Bonds,

the Township will make certain representations, certifications of fact, and statements of reasonable expectation in connection with the issuance of the Refunding Bonds and certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of the interest on the Refunding Bonds from gross income under Section 103 of the Code. Failure to comply with certain requirements of the Code could cause interest on the Refunding Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Refunding Bonds.

In the opinion of McManimon, Scotland & Baumann, LLC (“Bond Counsel”), in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the Township in the Tax Certificate and assuming compliance by the Township with its ongoing covenants in the Tax Certificate, under existing statutes, regulations, administrative pronouncements and judicial decisions, interest on the Refunding 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 individuals and corporations. Pursuant to the American Recovery and Reinvestment Act of 2009, interest on the Refunding 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 Refunding Bonds not being included in "adjusted current earnings."

New Jersey Gross Income Tax

In the opinion of Bond Counsel, to be delivered simultaneously with the delivery of the Refunding Bonds, under existing law, interest on the Refunding Bonds and any gain on the sale of the Refunding Bonds are not includable in gross income under the existing New Jersey Gross Income Tax Act.

Certain Federal Tax Consequences Relating to the Refunding Bonds

Although interest on the Refunding Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Refunding 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 Refunding 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 Refunding Bonds.

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

Bank Qualification

The Refunding Bonds will be designated as “qualified tax-exempt obligations” under Section 265 of the Code by the Township for an exemption from the denial of the deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

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.

Proposals for Legislative Change

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. Such legislation could adversely impact the marketability and market value of the Bonds and prevent certain bondholders (depending on the financial and tax circumstances of the particular bondholder) from realizing the full benefit of the tax exemption of interest on the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

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

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, 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 obligations of the Township, including the Refunding Bonds, and such Refunding Bonds are authorized security for any and all public deposits.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to 11 U.S.C. 401, *et seq.*, as amended and supplemented (the "Bankruptcy Code") and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court 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 certain priority to debt owed for services or material; and provides that the plan

must be accepted in writing by or on behalf of classes of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of such class. The Bankruptcy Code specifically 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 Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.*, which provides that a local unit has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board.

Reference to the Bankruptcy Code or the State statute should not create any implication that the Township expects to utilize the benefits of their provisions.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Refunding Bonds are subject to the approval of Bond Counsel to the Township, whose approving legal opinion will be delivered with the Refunding Bonds substantially in the form set forth as Appendix C. Certain legal matters will be passed on for the Township by its Township Attorney.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm same to the purchasers of the Refunding Bonds by certificates signed by the Mayor and Chief Financial Officer.

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

Bond Counsel has neither 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.

RATING

Moody's Investors Service (the "Rating Agency") has assigned a rating of "Aa2" to the Refunding Bonds.

The rating reflects only the view of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. The Township forwarded to the Rating Agency certain information and materials concerning the Refunding Bonds and the Township. There can be no assurance that the rating will be maintained for any given period of time or that the rating may not be raised,

lowered 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 Refunding Bonds.

UNDERWRITING

The Refunding Bonds are being purchased from the Township by Roosevelt & Cross Inc. (the "Underwriter") at a price of \$6,212,881.70 consisting of \$5,790,000.00 par amount of Refunding Bonds plus an original issue premium of \$442,451.90, less an Underwriter's discount of \$19,570.20. The Underwriter is obligated to purchase all of the Refunding Bonds if any Refunding Bonds are purchased.

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

FINANCIAL ADVISOR

Acacia Financial Group, Inc., Marlton, New Jersey has served as financial advisor to the Authority with respect to this transaction (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement or in the appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Refunding Bonds are not exempt from the Rule and provided that the Refunding Bonds are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Refunding Bonds remain outstanding (unless the Refunding Bonds have been wholly defeased), the Township shall provide for the benefit of the holders of the Refunding Bonds and the beneficial owners thereof:

(a) On or prior to 270 days from the end of each fiscal year, beginning December 31, 2012, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the SEC to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Township consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Township and certain financial information and operating data consisting of (1) Township and overlapping indebtedness including a schedule of outstanding debt issued by the Township; (2) the Township's most current adopted budget; (3) property valuation information; and (4) tax rate, levy and collection data. The audited financial statements will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law.

(b) if any of the following material events occur regarding the Refunding Bonds, a timely notice not in excess of ten business days after the occurrence of the event sent to EMMA:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(c) Notice of failure of the Township to provide required annual financial information on or before the date specified in the resolution shall be sent in a timely manner to EMMA.

The undertaking may be amended by the Board from time to time, without the consent of the Bondholders or the beneficial owners of the Refunding Bonds, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

There can be no assurance that there will be a secondary market for the sale or purchase of the Refunding Bonds. Such factors as prevailing market conditions, financial condition or market position of firms who may make the secondary market and the financial condition of the Board may affect the future liquidity of the Refunding Bonds.

In the event that the Township fails to comply with the Rule requirements or the written contracts or undertakings specified in this certificate, the Township shall not be liable for monetary damages. The sole remedy is hereby specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

As of the date of the Official Statement, all appropriate filings and notices have been made, and the Township is in compliance with the Rule with respect to its prior undertakings.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the arithmetic computations and yield calculations supporting the conclusions that (i) the principal amounts of, and interest earned on, the Government Obligations to be acquired with a portion of the proceeds of the Refunding Bonds, are sufficient to pay, when due, the interest on the Refunded Bonds to the Redemption Date and the principal or redemption price of the Refunded Bonds on the Redemption Date and (ii) the Refunding Bonds will not be “arbitrage bonds” under the Code, is supported by the mathematical computations independently verified by Holman & Frenia, P.C.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Thomas J. Merchel, Chief Financial Officer, at (856) 235-0912.

CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT

At the time of the original delivery of the Refunding Bonds, the Township will deliver a certificate of one of its authorized officials to the effect that he has examined this Official Statement (including the Appendices) and the financial and other data concerning the Township contained herein and that, to the best of his knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the Refunding Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the Refunding Bonds there has been no material adverse change in the affairs (financial or other), financial condition or results or operations of the Township except as set forth in or contemplated by the Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Refunding 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 Refunding Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

**TOWNSHIP OF MOORESTOWN, IN THE
COUNTY OF BURLINGTON, NEW JERSEY**

By: /s/ Thomas J. Merchel _____

**Thomas J. Merchel
Chief Financial Officer**

Dated: August 2, 2012

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APPENDIX A

**Economic and Demographic Information Relating
to the Township of Moorestown, in the County of Burlington, New Jersey**

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**ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE
TOWNSHIP OF MOORESTOWN, IN THE COUNTY OF BURLINGTON, NEW JERSEY¹**

GOVERNING BODY AND ADMINISTRATION

Moorestown's Municipal Government operates under the modern and efficient Council-Manager plan. A five-member Council is elected at large on a partisan basis. Each member is elected to a 4-year term, on an overlapping basis.

The Township Manager is a full-time professional administrator appointed by the Council. Under the Township's administrative code and the Faulkner Act, the Manager is vested with broad executive and administrative authority and responsibility.

Employees Collective Bargaining Units

The Communications Workers of America Local 1044 (CWA) represents 39 Public Works employees. The Public Works Supervisors (PWS) comprise 5 employees. The Moorestown FOP Lodge 109 represents 32 employees consisting of 6 Sergeants and 22 Patrolmen, 3 Detectives and 1 Lieutenant. Agreements with the respective bargaining units expire as follows: Communications Workers of America – December 31, 2013; the Public Works Supervisors – December 31, 2012; Moorestown FOP Lodge 109 expires on December 31, 2013.

Accumulated Vacation and Sick Leave

Accumulated Vacation – All full time employees are entitled to vacation leave in accordance with their respective contract or agreement. Their current years leave days not used during the year may be accumulated and carried forward to the next succeeding year. Vacation days carried forward must be used in the next succeeding year or be forfeited. Upon retirement or termination, employees will be reimbursed for any unused accumulated vacation days at their daily rate of pay based upon the employee's salary in effect at the time of such last year of service.

Sick Leave – All full time employees are entitled to sick leave days in varying amounts each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Employees shall upon leaving the employment of the Township in good standing by, death, the completion of ten (10) years of service or after age 55, shall be compensated for unused accumulation sick leave in a lump sum payment according to a prescribed formula. The maximum benefit payable under this provision shall be ten thousand dollars (\$10,000) for all non-police employees. For all sworn police employees, the maximum benefit payable under this provision shall be twenty thousand dollars (\$22,000).

The amount of accrual for compensated absences as of December 31, 2011 is as follows:

	Employees Accrual	Township Share Of Payroll Taxes
Sick Time	\$ 456,738	\$20,111
Vacation Time	<u>655,976</u>	<u>23,323</u>
Total	<u>\$1,112,714</u>	<u>\$43,434</u>

¹ Unless otherwise noted herein, all information contained in Appendix A has been provided by the Township of Moorestown.

This liability has not been recorded on the financial statements. Actual payment for compensated absences occurs through the Accumulated Leave Trust Fund Account at the time the employee terminates employment. The Trust Fund Account is funded through annual budget appropriations of both the Current and Utility Fund budgets. The balance in the Trust Fund as of December 31, 2011 is \$346,720.

Pension Costs

Those Township employees who are eligible for pension coverage are enrolled in one of two pension systems established by acts of the State Legislature. Benefits, contribution, means of funding and the manner of administration are determined by the State. For additional information regarding pension costs, see Appendix B: Financial Statements of the Township, Note 4 to Financial Statements.

EDUCATION²

General Information on the School District

The public school system in the Township is operated by the Moorestown Township Board of Education as a Type II school district. It functions independently through a nine-member board, elected by voters in alternate three year terms.

The Board maintains an educational system for students in Kindergarten through twelfth grade. The system has a total of 6 schools, 3 elementary schools serving students in grades K-3, one upper elementary school serving students in 4th through 6th grades, one middle school serving 7th and 8th grade students and one high school serving students grades 9-12.

The Moorestown Township Public Schools have long been associated with educational excellence. The school district’s mission is to provide all children the educational opportunity which will prepare them to function intellectually, politically, economically and socially in a democratic society.

Present School Facilities Enrollment and Capacity

<u>Present Facilities</u>	<u>Grades</u>	<u>Location</u>	<u>Enrollment as of 10/15/2011</u>	<u>Functional Capacity</u>
George C. Baker School	K-3	Maple & Dawson Sts.	347	497
Mary E. Roberts School	K-3	Crescent Ave.	308	470
South Valley School	K-3	South Stanwick Ave.	431	544
Upper Elementary School	4-6	Borton Landing Road	928	1,149
William Allen Middle School	7-8	North Stanwick Ave.	674	801
High School	9-12	Bridgeboro Road	1,385	1,519
Totals:			4,073	4,980

Central Administration Services are located in the Administration Building on North Stanwick Road, between the High School and the Middle School.

The Moorestown Adult School offers a wide variety of courses during Fall and Spring terms at Moorestown High School.

Two fine private schools are also located in Moorestown: Our Lady of Good Counsel, a K-8 parochial school located on Main Street just east of South Church Street and the Moorestown Friends School on Main Street at the outlet of Chester Avenue.

² Source: Moorestown Township Board of Education

GENERAL DEMOGRAPHIC INFORMATION

History

Moorestown, a community of historic traditions with a gracious colonial downtown area, is located in southwest Burlington County bordering Cinnaminson and Delran townships on the west, Willingboro Township on the north, Mount Laurel Township on the east and Maple Shade Township on the south. The Township is approximately ten miles east of Philadelphia.

Moorestown was settled originally by the Quakers in the late 1600's and the Friends Meeting House, constructed in 1700, became the focal point for the agricultural community which began to develop. The area became known for its fruit and nursery business, and it quickly gained a reputation for being an outstanding community in which to live. Moorestown's pleasant location, on a ridge between Pennsauken and Rancocas Creeks, was enhanced as a residential area while transportation alternatives from Camden and Philadelphia improved. Over the years more and more individuals employed in these cities made their homes in Moorestown and the quality of life steadily improved.

Moorestown today continues to be a well balanced, prestigious community with a historically stable tax rate, rich heritage and special small community atmosphere. The Moorestown Community House, operated as a civic endeavor, serves the social, cultural and recreational activities of the area and is the focal point of many town activities. Moorestown's park system is enjoyed throughout the year by its residents and those of surrounding communities.

Moorestown is also a vital commercial center for the area. The Moorestown Mall is one of the finest enclosed shopping centers in the region. The major department stores, Macy's, Lord & Taylor, Boscov's and Sears, serve as anchors for a group of approximately 100 retail stores located in the Mall. K-Mart, Marshalls and another group of smaller stores are located in a second shopping center opposite the Mall on Route 38. In addition, a full range of retail stores and service establishments in both the Main Street town center area and the Lenola area are within convenient walking distance of the residential sections of the town.

Moorestown is part of the Philadelphia-Camden-Trenton Metro area which is undergoing urbanization. The factors contributing to this urbanization with regard to Moorestown include a network of accessible highways, available land suited for residential and industrial development, a school system of excellent reputation, municipal services and utilities, and large, nationally known commercial and industrial firms, such as the Lockheed Martin and Coca Cola Bottling Company.

In the August 2005 issue of MONEY magazine, Moorestown was named *America's Best Place to Live for 2005*. MONEY magazine described how Moorestown's top schools, good job opportunities, nice homes, easy access to highways and home town feeling make it the best place to live.

Police and Fire Protection

The Moorestown Police Department includes 36 full-time officers representing 1 Director, 32 Officers and 4 Class II Special Officers as well as 5 full-time clerical employees. The Township is serviced by two fire districts known as Fire District No. 1 (Moorestown) and Fire District No. 2 (Lenola), totaling more than 120 fully trained and highly dedicated volunteer firefighters and emergency medical technicians operating the 25 pieces of modern apparatus strategically located for quick response to all areas of Moorestown. Both the Lenola and Moorestown Fire Districts score high in the statewide insurance rating program. Each District is serviced by its own paid Emergency Medical Squad.

Low and Moderate Income Housing Plan

The Township entered into an agreement with Toll Brothers, Inc., a private developer, for the collection of low and moderate-income housing fees for each certificate of occupancy issued at the Moorestown Hunt and Laurel Creek developments. The fees were collected into a trust fund called Housing Trust Fund I. As of December 31, 2003, all payments for Moorestown Hunt's 252 units had been collected (\$2,591,447.66) and as of December 31, 2002, all payments for Laurel Creek's 457 units have been collected (\$2,828,853.10). The total collected in Housing Trust Fund I was \$5,420,300.76.

The Trust Fund contributions along with interest earnings are dedicated to financing the Township's Low and Moderate-Income Housing Program needed to meet the State of New Jersey's council on Affordable Housing (COAH) requirements.

As of December 31, 2011, the Township had \$997,791 on deposit in the in the dedicated Low and Moderate Income Housing Trust Account. \$111,345.92 was expended in 2011 for the housing program.

In June 1997, the Township adopted a Mandatory Development Fee Ordinance that established standards for the collection, maintenance and expenditure of development fees for developments approved after June 1997, for the purpose of providing low and moderate-income housing. This ordinance required residential development to pay one half (1/2) of one (1) percent and non residential development to pay one (1) percent of the equalized assessed value of the proposed development.

In February 2005, the Township's Mandatory Development Fee Ordinance was amended to require residential development to pay one (1) percent and nonresidential development to pay two (2) percent of the equalized assessed value of the proposed development.

In September 2009, the Township's Mandatory Development Fee Ordinance was amended to require residential development to pay one and one-half (1 1/2) percent and nonresidential development to pay two and one-half (2 1/2) percent of the equalized assessed value of the proposed development.

In 2011, the Township collected \$33,060 in Mandatory Development Fees. The total amount collected from June 1997, through December 2011, was \$2,045,221.

Library

The Moorestown Free Library, with a collection of 134,777 volumes, and a circulation of 147,252 continues to expand its service beyond the world of print with access to multimedia, 14 public computer/internet workstations and various programs for residents of all ages.

Perkins Center for the Arts

Perkins Center for the Arts is a non-profit community based organization, devoted to encouraging and promoting the participation in and the enjoyment of cultural, artistic, and educational activities. The Center is located on the Township owned Perkins Memorial property and utilizes the stately Perkins Mansion. Courses are available in the arts and crafts for all age groups. Exhibits of the fine work of artists and craftsman are held throughout the year.

Hospitals

There are nine hospitals within minutes of Moorestown and more than 20, many of which are highly specialized, in the Philadelphia area. Serving the Moorestown area are the following hospitals:

Virtua Memorial Hospital of Burlington County.....Mt. Holly
Kennedy Health SystemsCherry Hill
Cooper Medical CenterCamden
Our Lady of Lourdes HospitalCamden
Our Lady of Lourdes HospitalWillingboro
Virtua Hospital (4 branches).....Camden, Berlin, Voorhees and Marlton

Recreation

Moorestown's own Department of Parks and Recreation provides full time professional supervision of programs of athletic, cultural and social activities for all ages, and is responsible for the Township's indoor and outdoor recreational facilities. Strawbridge Lake Park, Pompeston Creek Park, Memorial Field, Wesley Bishop Park and the John Pryor Park are the Township's largest facilities. Moorestown has made a commitment to encourage the use of bicycles by constructing bike paths with more planned in the future. Moorestown also offers a choice of three golf courses; one is public and the other two are private.

The surrounding county abounds with golf courses, as well as marinas, fish and game properties, state forests and parks and historical sites.

Water Facilities and Rates

Approximately 98% of the residents of the Township are served by public water facilities. Water is pumped from deep wells and, when necessary, purchased from New Jersey American Water Company, Inc. through system interconnections. Water rates effective August 1, 2010 are as follows:

Quarterly rates are based on a minimum usage fee plus a charge of \$3.00 per 1,000 gallons, for use in excess of the minimum up to 25,000 gallons per quarter. Use in excess of 25,000 gallons per quarter is charged at \$6.50 per 1,000 gallons. Use in excess of 50,000 gallons is charged at \$6.90 per 1,000 gallons. Qualified senior citizens receive a 20% discount on all charges.

<u>Meter Size</u>	<u>Minimum Usage</u>	<u>Quarterly Minimum Fee</u>
5/8 in. & ¾ in.	3,000	\$9.00
1 in.	10,000	30.00
1 ½ in. and larger	20,000	60.00

Sewer Facilities and Rates

A majority of the residents of the Township have public sewer facilities. Sewer rates effective July 1, 2010 are as follows:

Sewer charges are based on \$5.00 per 1,000 gallons of water used for the most recent three month period (based on the average per diem use between readings) ending upon the date of water meter reading between February 1 and April 30 (winter consumption), plus a \$20.00 fixed charge per single family dwelling unit or a \$50.00 charge for each commercial or industrial establishment. Qualified senior citizens receive a 20% discount on all charges. The reconstructed and enlarged municipal treatment plant is now providing state of the art treatment and additional capacity.

Land Use and Development Codes

Moorestown has formally regulated both residential and non-residential development since 1948 when the first Zoning Ordinance was adopted. In 1954, a subdivision and site plan ordinance was adopted to provide for appropriate and necessary site improvements and good development design. The Township of Moorestown has always demonstrated a vital interest in long range planning for growth and change in the community, and has been guided by comprehensive plans since the 1950's. The Planning Board completed its reexamination of the Master Plan in 2001 and adopted an updated Master Plan in 2002. Ordinances have been implemented and amended to reflect contemporary goals and objectives to maintain the highest quality of life for the residents and to provide for continued balanced, controlled and well-managed growth. The Planning Board has recently adopted a Municipal Stormwater Management Plan and is in compliance with the current state requirements.

The majority of the Township is residentially zoned. The residential zoning provides for a wide range of housing opportunities. Permitted lot sizes for single-family detached homes are between 5,000 sq. ft. and 1-1/2 acres. Multi-family dwellings also exist and are permitted at higher densities. Specialized housing for senior citizens is also available. Moorestown also benefits from having a Housing Plan and Fair Share Element in its Master Plan for low and moderate income housing that has been certified by the New Jersey Council on Affordable Housing.

Commercial zoning provisions allow for the continuation of the small business in the two Town Center areas, one along historic Main Street and the second in West Moorestown. Planned shopping centers, office campuses and corporate headquarters exist and are permitted along major thoroughfares on the perimeter of the Township. The Specially Restricted Commercial (SRC) Zones are specifically designed to provide for modern, well-planned and integrated uses with consistent and compatible design themes for large site, low intensity, heavily landscaped development. This diversity of commercial areas provides for a balanced approach in meeting not only the needs of residents, but also in providing employment opportunities and a source of economic benefits.

Undeveloped industrially-zoned land is available and located in the Specially Restricted Industrial (SRI) Zones. These zones require a minimum lot area of two and three-quarter acres, with smaller lots permitted when comprehensively designed as part of a Planned Industrial Development. The SRI Zones have excellent access to highways and are served by public water and sanitary sewer systems. They encourage a range of office and light industrial buildings in an attractive development setting well suited for such uses.

Open Space Trust Fund

The Township's Open Space Trust Fund Program was approved by referendum in 1998 and the fund subsequently established in 1999. The purpose of the fund is to establish a dedicated tax for the acquisition of lands, either in fee simple or a lesser interest, including, but not limited to an easement restricting development, for recreation and conservation, including the development or maintenance of such acquired lands, or for farmland acquisition and preservation, or for historic property preservation or acquisition, or for the payment of debt service for any of the aforesaid purposes.

The Program has subsequently been amended and extended through several referendums. Most recently, the voters have approved an annual tax rate of between one (\$0.01) cent and six (\$0.06) cents per \$100 of assessed real property valuation. The tax rate is to be established annually by Resolution of the Township Council each year through year 2028.

The Township has generated \$15,967,639 in tax revenue, interest income and other sources from 1999 through 2011. The Township has incurred \$14,564,670 in program expenditures through December 2011. The Township has an agreement with Burlington County for the Township to pay 75% of the cost

of an installment purchase agreement used to purchase a property in 2008. The Township's future liability is \$1,906,125 in interest expense made in semi-annual installments of \$56,062.50 through 2027. To date, the Township has preserved 305 acres for open space or farmland through this program.

The Township also participates in the Burlington County Open Space Program, which provides up to 25% matching funds for approved projects and the State of New Jersey Green Acres Program, which provides up to 50% matching funds for approved projects.

Installment Purchase Agreement (IPA)

On May 8, 2008, the Township Council of the Township of Moorestown entered into an agreement with the Board of Chosen Freeholder of the County of Burlington to purchase Block 8700, lot 18 of Moorestown Township in the amount of \$2,990,000 through an installment purchase agreement. Burlington County facilitated the transaction, will continue to act as the paying agent, and is responsible for 25% of the cost. The Township of Moorestown is the owner of the property and will reimburse Burlington County 75% of the cost.

Under the terms of the agreement, the County purchased 2 zero coupon notes totaling \$1,166,668.10. The notes will mature and be payable to the seller in the amount of \$2,990,000 on November 15, 2027. The agreement also calls for the County to make semi-annual interest payments to the seller of five (5) percent of the outstanding balance. The Township is responsible for reimbursing the County 75% of the interest expense. On May 8, 2008, the Township paid the County \$917,670.88 for its share of the notes and interest expense. The Township made additional interest expense reimbursements to the county in the amount of \$392,437.50 as of 12/31/11. The Township will continue to reimburse the County \$112,125 each year for its share of the interest expense. The reimbursements will be made semi-annually by the Open Space Trust Fund on April 15th and October 15th of each year until the notes mature in 2027.

Population³

The U.S. Census figures for Moorestown's population are shown below:

<u>Year</u>	<u>Population</u>
2010	20,726
2000	19,017
1990	16,116
1980	15,596

Employment and Unemployment Comparisons⁴

The high skill level of the Township's work force has helped to insulate it from unemployment problems. This is shown by comparison with state unemployment statistics of the New Jersey Department of Labor Bureau of Labor Statistics, below.

For the years 2011 to 2007, the New Jersey Department of Labor reported the following annual average employment information for the Township, Burlington County and the State of New Jersey:

³ Source: U.S. Census Bureau

⁴ Source: New Jersey Department of Labor, Labor Research and Analysis, Labor Market and Demographic Research. Bureau of Labor Force Statistics

<u>Moorestown</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Labor Force	10,227	10,277	10,158	10,124	10,088
Employment	9,502	9,525	9,479	9,723	9,784
Unemployment	724	753	679	401	304
Unemployment Rate	7.1%	7.3%	6.7%	4.0%	3.0%
<u>Burlington County</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Labor Force	241,524	242,714	241,779	239,291	238,407
Employment	220,072	220,586	221,574	227,285	229,200
Unemployment	21,452	22,128	20,205	12,006	9,207
Unemployment Rate	8.9%	9.1%	8.4%	5.0%	3.9%
<u>State of New Jersey</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Labor Force	4,556,200	4,554,100	4,546,400	4,509,100	4,456,300
Employment	4,131,800	4,116,600	4,138,400	4,262,300	4,264,600
Unemployment	424,400	437,400	408,100	246,800	191,700
Unemployment Rate	9.3%	9.6%	9.0%	5.5%	4.3%

TAX BASE INFORMATION

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of maintaining new assessments on a like basis with established comparable properties for newly assessed or purchased properties. 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. For tax year 1992, the Township undertook an in-house reexamination of all commercial and residential property so that the Township could pro-actively avoid significant tax appeals encountered in other municipalities. The Township had a tax revaluation in 2006 in which the new values were effective for 2008.

Upon the filing of certified adopted budgets by the Township's School District, Fire Districts and the County, the tax rate is struck by the Burlington County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision 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 mailed annually in June by the Township. The taxes due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. As of the end of the fiscal year, any delinquent municipal charge in excess of \$10,000 is assessed an additional 6% penalty. These interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. Tax liens are periodically assigned to the Township Solicitor for "in rem foreclosures" in order to acquire title to these properties.

Tax Appeals

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

Ten Largest Taxpayers 2011

<u>Name of Taxpayer</u>	<u>Assessed Value</u>
Rouse Moorestown, Inc.	\$111,073,700
East Gate Center, LP	60,673,700
Lockheed Martin Corp.	60,080,400
The Evergreens	32,764,400
Shadrall Moorestown, LP	26,500,000
May Co. DBA Macy's	26,000,000
Sears, Roebuck & Co.	25,132,100
Hill, Vernon W. II & Shirley	19,697,000
Moorestown Woods Apts.	17,208,500
Moorestown Retail Development	16,443,200

Assessed and True Values⁵

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Avg. Ratio Assessed to True Value</u>	<u>Aggregate True Value of Real Property</u>
2011	\$4,627,160,500	105.05%	\$4,404,722,037
2010	4,669,422,600	102.29	4,564,886,695
2009	4,680,733,900	102.91	4,584,376,154
2008	4,730,150,600	103.02	4,591,487,672
2007	1,933,902,200	44.00	4,395,232,273

Classification of Ratables

	<u>2011 Assessed Value</u>		<u>2010 Assessed Value</u>		<u>2009 Assessed Value</u>	
		<u>%</u>		<u>%</u>		<u>%</u>
Vacant Land	\$ 52,585,500	1.14	\$ 54,584,100	1.17	\$ 54,388,900	1.16
Residential	3,459,429,900	74.76	3,477,603,600	74.48	3,477,775,900	74.30
Farm(Reg/Qual)	38,565,100	0.83	38,524,200	0.83	38,248,400	0.82
Commercial	626,990,300	13.55	635,530,900	13.61	643,904,800	13.76
Industrial	346,442,500	7.49	360,769,000	7.73	362,597,600	7.75
Apartment	103,147,200	2.23	102,410,800	2.19	103,818,300	2.22
Total	<u>\$4,627,160,500</u>		<u>\$4,669,422,600</u>		<u>\$4,680,733,900</u>	

Analysis of Tax Rates Per \$100 of Assessed Valuation

<u>Apportionment of Tax Rate</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007</u>
School District	\$1.258	\$1.247	\$1.224	\$1.214	\$2.908
County	0.342	0.342	0.337	0.338	0.821
Local Township	0.332	0.326	0.326	0.260	0.590
Local- Open Space	<u>0.010</u>	<u>0.010</u>	<u>0.010</u>	<u>0.030</u>	<u>0.060</u>
Total Tax Rate	\$1.942	\$1.925	\$1.897	\$1.842	\$4.379

*Revaluation

Comparisons of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection Amount</u>	<u>% of Collections</u>
2011	\$92,922,098	\$91,483,411	98.45%
2010	92,838,031	91,656,052	98.73%
2009	91,659,381	90,534,190	98.77%
2008	89,898,060	87,833,402	97.70%
2007	87,494,895	86,818,969	99.23%

⁵ Source: Table of Equalized Values, State of New Jersey, Department of the Treasury, Division of Taxation.

Delinquent Taxes and Tax Title Liens

<u>As of 12/31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percent of Current Tax Levy</u>
2011	\$862,756	\$882,795	\$1,745,551	1.88%
2010	812,988	691,690	1,504,678	1.62%
2009	763,593	893,578	1,657,171	1.81%
2008	715,068	842,924	1,557,992	1.73%
2007	662,207	602,488	1,264,695	1.45%

Water and Sewer Collections

<u>Year</u>	<u>Charges</u>
2011	\$8,111,352
*2010	10,407,098
2009	6,146,469
2008	6,554,701
2007	6,731,242

*Billing Error, offsetting cancellation made by Tax Collected

Comparative Schedule of Fund balances (Current Fund)

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget Of Succeeding Year</u>
2011	\$1,237,563	\$1,175,000
2010	2,525,074	2,407,500
2009	2,824,687	2,250,480
2008	2,679,643	2,214,000
2007	5,463,947	4,760,658

Water and Sewer Utility Operating Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget Of Succeeding Year</u>
2011	\$2,250,226	\$-0-
2010	1,526,109	793,278
2009	780,355	725,000
2008	1,620,634	1,306,533
2007	2,600,363	1,992,049

SUMMARY OF 2012 TOWNSHIP OF MOORESTOWN BUDGET
(As Introduced June 20, 2012)
(Township Operations Only)

Revenues:

Fund Balance Anticipated	\$1,175,000
Miscellaneous Revenues	5,075,745
Delinquent Taxes	788,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>15,428,163</u>
	<u><u>\$22,466,908</u></u>

Appropriations:

Operations (within "CAPS")	\$15,780,727
Operations (excluded from "CAPS")	1,685,376
Capital Improvements	50,000
Debt Service	3,316,180
Reserve for Uncollected Taxes	<u>1,634,625</u>
	<u><u>\$22,466,908</u></u>

DEBT INFORMATION
December 31, 2011⁶
Debt Statement
Gross Debt

School District Debt.....	\$49,156,000
Serial Bonds Issued.....	24,441,235
Green Acres Trust.....	45,494
Bond Anticipation Notes.....	250,000
Water-Sewer-Self-Liquidating Debt.....	7,362,515
Authorized but not issued	<u>3,065,948</u>
 Total Gross Debt.....	 <u>\$84,321,192</u>
 Deductions – Allowed to Determine Net Debt for Borrowing Power Purposes:	
Funds Held to Pay Bonds and Notes.....	258,855
Local District School Debt.....	49,156,000
 Water and Sewer Self-Liquidating Debt:	
Serial Bonds Issued.....	5,913,765
Bond Anticipation Notes.....	0
Authorized but not Issued	<u>1,448,750</u>
 Total Deductions.....	 <u>\$56,777,370</u>
 Total Net Debt, December 31, 2011	 <u>\$27,543,822</u>
Percentage of Net Debt of Equalized Valuation Basis.....	<u>0.61%</u>

⁶ Source: Township of Moorestown, 2011 Audit Report

STATUTORY BORROWING POWER

Average Equalized Valuation Basis for 2011, 2010, 2009	\$4,505,994,962
Permitted Debt Limitation	157,709,824
Statutory Net Debt	27,543,822
Remaining Borrowing Power – December 31, 2011	<u>\$130,166,002</u>

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APPENDIX B

**Financial Statements of the
Township of Moorestown, in the
County of Burlington, New Jersey
as of December 31, 2011**

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Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Township Council
Township of Moorestown
County of Burlington
Moorestown, New Jersey 08057

We have audited the accompanying comparative statements of assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of Moorestown, State of New Jersey as of December 31, 2011 and 2010, and the related comparative statements of operations and changes in fund balance--regulatory basis for the years then ended, and the related comparative statement of revenues--regulatory basis, comparative statement of expenditures--regulatory basis and comparative statement of general fixed assets as of December 31, 2011 and 2010. These financial statements are the responsibility of the Township of Moorestown'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, because of the effects of the matters, as discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Moorestown, State of New Jersey, as of December 31 2011, the changes in its financial position, or where applicable, its cash flows for the year then ended. Further, the Township of Moorestown, State of New Jersey has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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618 Stokes Road • Medford, NJ 08055
Tel: 609.953.0612 • Fax: 609.953.8443
holmanfrenia.com

TOMS RIVER OFFICE
10 Allen St., Suite 2B • Toms River, NJ 08753
Tel: 732.797.1333 • Fax: 732.797.1022
holmanfrenia.com

Furthermore, in our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance--regulatory basis of the various funds of the Township of Moorestown, State of New Jersey, as of December 31, 2011 and 2010, and the results of its 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, 2011 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 May 11, 2012, on our consideration of the Township of Moorestown, 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 Township of Moorestown'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.



Michael Holt
Certified Public Accountant
Registered Municipal Accountant
CR 473

Medford, New Jersey
May 11, 2012



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 Township Council
Township of Moorestown
County of Burlington
Moorestown, New Jersey 08057

We have audited the financial statements of the Township of Moorestown, County of Burlington, State of New Jersey, as of and for the fiscal year ended December 31, 2011, and have issued our report thereon dated May 11, 2012. Our report rendered a qualified opinion and disclosed that, as described in Note 1 to the financial statements, the Township 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 Township of Moorestown'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 Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Comment and Recommendation Section, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination

of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Comment and Recommendation Section as Finding No.'s: 2011-01 and 2011-02 to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Comment and Recommendation Section as Finding No: 2011-03 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Moorestown'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 two instances 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's: 2011-01 and 2011-02.

This report is intended solely for the information and use of the Township of Moorestown's management, and Council members, 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.



Michael Holt
Certified Public Accountant
Registered Municipal Accountant
CR 473

Medford, New Jersey
May 11, 2012

FINANCIAL STATEMENTS

**TOWNSHIP OF MOORESTOWN
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

ASSETS	REFERENCE	2011	2010
Regular Fund:			
Cash:			
Treasurer	A-4	\$8,376,443	9,916,486
Change Fund	A-5	475	475
Investments	A-4	53,431	
		<hr/>	
Total		8,430,349	9,916,961
		<hr/>	
Receivables & Other Assets With Full Reserves:			
Delinquent Taxes Receivable	A-6	882,795	691,690
Tax Title Liens Receivable	A-7	862,756	812,988
Foreclosed Property - Assessed Valuation	A-8	101,300	101,300
Revenue Accounts Receivable	A-9	19,762	16,423
Due From Interfunds:			
State & Federal Grants	A	219,192	
Dog License Fund	A	9,432	
Payroll	E		6
Bond & Coupon Account	A	6,966	6,966
		<hr/>	
Total Receivables & Other Assets With Full Reserves		2,102,203	1,629,373
		<hr/>	
Other Accounts Receivable:			
Due from State of NJ - Burial Permits	A	75	70
		<hr/>	
Total Other Accounts Receivable		75	70
		<hr/>	
Deferred Charges To Future Taxation:			
Special Emergency Appropriation	A		116,640
			<hr/>
Total			116,640
			<hr/>
Total Regular Funds		10,532,627	11,663,044
		<hr/>	
Federal & State Grants:			
State Grants Receivable	A-12	405,859	98,624
Due From Current Fund	A		64,552
			<hr/>
Total State & Federal Grants		405,859	163,176
		<hr/>	
Total Assets		\$10,938,486	11,826,220
		<hr/> <hr/>	

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

**TOWNSHIP OF MOORESTOWN
CURRENT FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2011	2010
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3,A-10	\$535,615	738,065
Reserve for Encumbrances	A-3	537,188	521,257
Accounts Payable	A	73,707	35,849
Due County for Added & Omitted Taxes	A-6	55,538	39,159
Local District School Taxes Payable	A-11	4,696,811	4,728,449
Prepaid Taxes	A-4,A-6	685,162	631,554
Tax Overpayments	A	156,084	159,026
Due to State of New Jersey for Senior Citizen & Veteran Deductions	A	21,553	22,303
Due to State - Marriage License Fees	A	512	587
Due to State - DCA Fees	A	15,372	11,844
Due to Interfunds:			
General Capital	C	2,087	280
Federal & State Grant	A		64,552
Dog License Fund	B		4
Trust Assessment Fund	B	5,524	4,762
Other Trust Fund	B	16,097	50,210
Payroll Fund	E	120	
Utility Operating Fund	D	6,344	5,488
Utility Assessment Fund	D	1,098	555
Reserve for:			
Tax Appeals	A	383,787	494,391
Tax Assessment Revaluation	A	262	262
Subtotal Regular Fund		<u>7,192,861</u>	<u>7,508,597</u>
Reserve for Receivables & Other Assets	A	2,102,203	1,629,373
Fund Balance	A-1	<u>1,237,563</u>	<u>2,525,074</u>
Total Regular Fund		<u>10,532,627</u>	<u>11,663,044</u>
State & Federal Grants:			
Reserve for Federal & State Grants:			
Appropriated	A-13	122,079	84,607
Unappropriated	A-14	41,716	26,813
Encumbrances	A-13	22,872	51,756
Due to Current Fund	A	219,192	
Total State & Federal Grants		<u>405,859</u>	<u>163,176</u>
Total Liabilities, Reserves & Fund Balance		<u>\$10,938,486</u>	<u>11,826,220</u>

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

**TOWNSHIP OF MOORESTOWN
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	REFERENCE	2011	2010
Revenue & Other Income Realized:			
Fund Balance Utilized	A-1,A-2	\$2,407,500	2,250,480
Miscellaneous Revenue Anticipated	A-2	4,665,181	4,762,148
Receipts From Delinquent Taxes & Tax Title Liens	A-2	676,254	882,106
Receipts From Current Taxes	A-2	91,483,411	91,656,052
Nonbudget Revenue	A-2,A-9	203,365	312,594
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	590,720	603,183
Cancellation of Prior Year Accounts Payable	A	16,680	15,235
Cancellation of Grant Appropriations	A-13		11,835
Interfunds Liquidated	A	5	151
Total		100,043,116	100,493,784
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries & Wages	A-3	8,023,005	8,129,605
Other Expenses	A-3	5,972,389	6,160,723
Deferred Charges & Statutory Expenditures	A-3	1,850,988	1,459,324
Excluded From "CAPS":			
Operations:			
Salaries & Wages	A-3	98,555	102,072
Other Expenses	A-3	2,027,736	1,890,110
Capital Improvements	A-3	75,000	122,000
Municipal Debt Service	A-3	3,464,209	3,355,649
Fire District Taxes	A-6	2,432,158	2,417,592
County Taxes	A-6	15,886,940	16,014,677
Local District School Tax	A-11	58,402,906	58,402,906
Municipal Open Space	A-6	465,789	469,646
Senior Citizen & Veteran Deductions Disallowed:			
Prior Year	A	3,750	8,750
Refund of Prior Year Revenue	A	250	
Cancellation of Grants	A-12		9,858
Interfund Reserves Created	A	219,452	5
Total Expenditures		98,923,127	98,542,917
Excess/(Deficit) in Revenue		1,119,989	1,950,867
Statutory Excess to Fund Balance		1,119,989	1,950,867
Fund Balance January 1	A	2,525,074	2,824,687
Total		3,645,063	4,775,554
Decreased by: Utilization as Anticipated Revenue	A-1,A-2	2,407,500	2,250,480
Fund Balance December 31	A	\$1,237,563	2,525,074

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

**TOWNSHIP OF MOORESTOWN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	APPROPRIATED		EXCESS OR (DEFICIT)
	BUDGET	BY N.J.S.A.40A:47-87 REALIZED	
Fund Balance Utilized	\$2,407,500	2,407,500	
Miscellaneous Revenue:			
Licenses - Other	500	309	(191)
Fees & Permits - Other	88,000	98,945	10,945
Fines & Costs - Municipal Court	260,000	276,129	16,129
Interest & Costs on Taxes	245,000	205,443	(39,557)
Parking Meters	20,000	22,511	2,511
Interest on Investments & Deposits	161,638	143,116	(18,522)
Recreation Fees	95,000	103,385	8,385
Police Accident Report Fees	5,000	3,508	(1,492)
Special Police Duty Service Charges	175,000	149,880	(25,120)
Street Opening Permits	2,500	2,075	(425)
Cable Television Fees	68,677	68,678	1
Consolidated Municipal Property Tax			
Relief Act	224,859	224,859	
Energy Receipts Tax	1,569,104	1,569,104	
Supplemental Franchise & Gross			
Receipts Tax (P.S.E.& G.)	240,000	244,925	4,925
Fees & Permits:			
Uniform Construction Code	266,500	280,089	13,589
Reserve for Payment of Bonds	100,000	100,000	
Anticipated General Capital Surplus	24,000	24,000	
W & S Fund Administration Expense	275,000	275,000	
Shared Service Reimbursements	17,500	17,700	200
Library Services Reimbursement	125,000	125,000	
BOE Reimbursement - Resource Officer	122,500	127,272	4,772
County Snow Removal	49,910	49,910	
JIF Settlement Payment	7,500	7,500	
Tower Rents	97,000	106,476	9,476
State Grants:			
Body Armor Replacement	3,338	3,338	
Emergency Management Assistance		5,000	5,000
Recycling Tonnage	23,474	23,474	
Municipal Parks Development Grant		250,000	250,000
Recreation Improvement Trust		22,200	22,200
2009 EMPG Exercise Grant	8,000	8,000	
Clean Communities Program	35,820	35,820	
Safe & Secure Communities	57,735	57,735	
Recovery Act:			
Ed Byrne Memorial Justice Assistance	13,900	13,900	
Tree Replacement Trust	2,500	2,500	
Municipal Alliance on Alcoholism & Drug Abuse	17,400	17,400	

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

**TOWNSHIP OF MOORESTOWN
CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUDGET	APPROPRIATED BY N.J.S.A.40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Total Miscellaneous Revenues	4,402,355	277,200	4,665,181	(14,374)
Receipts From Delinquent Taxes	<u>665,000</u>		676,254	11,254
Subtotal General Revenues	<u>7,474,855</u>	<u>277,200</u>	<u>7,748,935</u>	<u>(3,120)</u>
Local Tax for Municipal Purposes	13,901,345		15,963,806	2,062,461
Minimum Library Tax	<u>1,526,818</u>		1,526,818	
Budget Totals	22,903,018	277,200	25,239,559	2,059,341
Nonbudget Revenues			<u>203,365</u>	<u>203,365</u>
Total	<u>\$22,903,018</u>	<u>277,200</u>	<u>25,442,924</u>	<u>2,262,706</u>

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections:	
Revenue From Collections	\$91,483,411
Less: School, County Taxes, Special District & Open Space	<u>77,187,793</u>
Balance for Support of Municipal Budget Appropriations	14,295,618
Add: Budget Appropriation - Reserve for Uncollected Taxes	<u>1,668,188</u>
Total Amount for Support of Municipal Budget Appropriation	<u>\$15,963,806</u>
Receipts From Delinquent Taxes:	
Delinquent Tax Collections	<u>\$676,254</u>
Total Receipts From Delinquent Taxes	<u>\$676,254</u>

ANALYSIS OF NONBUDGET REVENUE

Miscellaneous Revenue Not Anticipated:	
Miscellaneous Advertising Fee	\$4,390
Interest & Cost on Assessment Lien	54
False Alarm Fees	50,000
Peddler/Solicitor Permit	1,575
Developer Application Fees	10,675
Miscellaneous Clerk	1,318
Street Maps	48
Zoning Maps	36
Photo Copies	127
Prior Year Insurance Refunds	4,500
Mend Rent Payment in Lieu of Taxes	27,302
Zoning Officer	780
Scrap Metal	5,584
Towing Fees	720
Miscellaneous - MRNA	50,550
MFS - Summer Trash Pickup	6,390
State of NJ 2% Administration Fee	4,473
Miscellaneous Collector	580
Refund Prior Year Expenditures	<u>34,263</u>
Total	<u>\$203,365</u>

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

**TOWNSHIP OF MOORESTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	APPROPRIATIONS				CANCELED
	BUDGET	BUDGET AFTER		RESERVED	
		MODIFICATION	PAID OR CHARGED		
OPERATIONS WITHIN "CAPS"					
General Government:					
General Administration:					
Salaries and Wages	\$303,064	259,564	258,732	832	
Other Expenses	72,300	72,300	59,190	10,444	2,666
Human Resources:					
Other Expenses	10,875	10,875	7,934	45	2,896
Mayor & Council:					
Salaries and Wages	24,795	24,795	24,795		
Other Expenses	6,775	6,775	6,212	164	399
Municipal Clerk:					
Salaries and Wages	72,248	73,998	73,407		591
Other Expenses	21,225	21,225	18,364	508	2,353
Financial Administration (Treasury):					
Office of Controller:					
Salaries and Wages	203,257	188,257	187,830		427
Other Expenses	19,050	22,050	16,999	3,178	1,873
Auditing Services:					
Other Expenses	25,000	25,000	25,000		
Computer Data Processing:					
Salaries and Wages	41,482	41,482	41,482		
Other Expenses	9,975	9,975	8,516	50	1,409
Revenue Administration (Tax Collection):					
Salaries and Wages	137,594	139,344	137,309		2,035
Other Expenses	30,750	31,750	30,706	296	748
Tax Assessment:					
Salaries and Wages	111,716	112,941	112,940		1
Other Expenses	33,925	33,925	9,494	13,718	10,713
Legal Services (Legal Department):					
Other Expenses	123,500	123,500	106,078		17,422
Engineering Services:					
Other Expenses	36,000	26,000	18,436	1,500	6,064
Economic Development Agencies:					
Other Expenses	2,500	2,500	2,500		

**TOWNSHIP OF MOORESTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	APPROPRIATIONS				RESERVED	CANCELED		
	OPERATIONS WITHIN "CAPS"	BUDGET	BUDGET AFTER				RESERVED	CANCELED
			MODIFICATION	PAID OR CHARGED				
Land Use Administration:								
Planning Board:								
Salaries and Wages	180,731	180,731	174,486	6,245				
Other Expenses	38,100	28,100	17,225	10,752				
Zoning Board of Adjustments:								
Salaries and Wages	90,390	90,390	86,080	4,310				
Other Expenses	10,225	10,225	8,278	1,947				
Insurance:								
Unemployment Compensation	5,000	5,000	5,000					
Worker's Compensation	203,000	203,000	202,705	295				
Employee Group Insurance	2,190,700	2,190,700	2,137,816	4,467				
Other Insurance Premiums	169,000	169,000	168,534	466				
Health Benefit Waiver	16,860	16,860	13,924	2,936				
Public Safety Functions:								
Police:								
Salaries and Wages	4,354,813	4,354,813	4,275,604	79,209				
Other Expenses	126,737	141,737	94,069	8,196				
Prosecutor:								
Salaries and Wages	19,972	19,972	19,971	1				
Public Works Functions:								
Department of Public Works:								
Office of the Director:								
Salaries and Wages	248,645	250,645	249,956	689				
Other Expenses	6,975	6,975	5,541	764				
Road Repairs & Maintenance:								
Salaries and Wages	722,456	674,478	665,421	9,057				
Other Expenses	188,025	188,025	160,560	8,521				
Building & Grounds:								
Other Expenses	186,540	186,540	104,708	21,097				
Shade Tree:								
Salaries and Wages	151,961	151,961	151,132	829				
Other Expenses	94,500	94,500	13,484	636				
Shade Tree Advisory Committee:								
Other Expenses	2,000	2,000	1,483	98				

**TOWNSHIP OF MOORESTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	APPROPRIATIONS				RESERVED	CANCELED
	OPERATIONS WITHIN "CAPS"	BUDGET	PAID OR CHARGED			
			BUDGET AFTER MODIFICATION	EXPENDED		
Public Works Functions (continued):						
Maintenance of Motor Vehicles:						
Salaries and Wages	77,721	77,721	76,175		1,546	
Other Expenses	145,750	145,750	125,074	15,620	5,056	
Division of Sanitation:						
Salaries and Wages	694,644	694,644	691,351		3,293	
Other Expenses	85,550	85,550	58,096	23,125	4,329	
Health & Human Services:						
Environmental Committee:						
Other Expenses	2,000	2,000	400		1,600	
Animal Control:						
Contractual Service	12,300	12,300	12,300			
Contributions to Social Services Agencies:						
Other Expenses	2,000	2,000	1,260	740		
Parks & Recreation:						
Recreation Services & Programs:						
Salaries and Wages	265,181	265,181	255,532		9,649	
Other Expenses	93,740	93,740	67,199	24,130	2,411	
Parks & Playgrounds:						
Salaries and Wages	61,145	61,145	52,452		8,693	
Other Expenses	70,562	70,562	18,375	39,384	12,803	
Utility Expenses & Bulk Purchases:						
Electricity	325,000	375,000	305,522	55,142	14,336	
Street Lighting Other Expenses	300,000	295,000	257,449	27,500	10,051	
Telephone Expenses	76,950	73,950	68,114	516	5,320	
Water	3,750	6,250	5,217	355	678	
Gas (Natural/Propane)	42,000	42,000	29,282	5,900	6,818	
Telecommunications	37,500	37,500	27,238		10,262	
Gasoline	258,000	303,000	255,796	41,041	6,163	
Solid Waste Disposal:						
Other Expenses	676,100	676,100	593,624	59,676	22,800	
Uniform Construction Code:						
Division of Building & Inspection:						
Salaries and Wages	144,697	144,697	143,277		1,420	
Other Expenses	20,300	20,300	8,892	8,541	2,867	

**TOWNSHIP OF MOORESTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	APPROPRIATIONS				RESERVED	CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED EXPENDED	ENCUMBERED		
OPERATIONS WITHIN "CAPS"						
Municipal Court:						
Salaries and Wages	153,746	153,746	152,364		1,382	
Other Expenses	17,500	19,000	17,348	405	1,247	
Public Defender:						
Other Expenses	8,850	8,850	8,580		270	
Unclassified:						
Sick Sell - Back	40,000	40,000			40,000	
Reserve for Salary Increases	7,747					
Condo Services	75,000	75,000			75,000	
Accumulated Leave Compensation:						
Salaries and Wages	5,000	22,500	22,500			
Total Operation Within "CAPS"	13,995,394	13,995,394	12,955,318	537,188	502,888	
Detail:						
Salaries and Wages	8,113,005	8,023,005	7,852,796		170,209	
Other Expenses (Including Contingent)	5,882,389	5,972,389	5,102,522	537,188	332,679	
Deferred Charges/Statutory Expenditures - Municipal Within "CAPS":						
Social Security	400,000	400,000	368,066		31,934	
Public Employees Retirement System	419,932	419,932	419,932			
Police & Fire Retirement System	1,028,556	1,028,556	1,028,555		1	
Defined Contribution Plan	2,500	2,500	1,708		792	
Total Deferred Charges & Statutory Expenditures Within "CAPS"	1,850,988	1,850,988	1,818,261		32,727	
Total General Appropriations for Municipal Purposes Within "CAPS"	15,846,382	15,846,382	14,773,579	537,188	535,615	

**TOWNSHIP OF MOORESTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

OPERATIONS EXCLUDED FROM "CAPS"	APPROPRIATIONS				CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED EXPENDED	ENCUMBERED RESERVED	
Maintenance of Free Public Library:					
Other Expenses	1,526,818	1,526,818	1,526,818		
Statutory Expenditures:					
Recycling Tax	28,900	28,900	28,900		
Public & Private Programs Offset by Revenues:					
Supplemental Fire Services Program	5,979	5,979	5,979		
NJ Council on Alcohol & Drug Abuse:					
State Share	17,400	17,400	17,400		
Local Share	4,350	4,350	4,350		
Clean Communities Act	35,820	35,820	35,820		
Body Armor Replacement Fund	3,338	3,338	3,338		
Recovery Act -					
Ed Byrne Memorial Justice Assistance	13,900	13,900	13,900		
Municipal Parks Development Grant		250,000	250,000		
Recreation Improvement Trust		22,200	22,200		
Recycling Tonnage	23,474	23,474	23,474		
Tree Replacement	2,500	2,500	2,500		
Emergency Management Assistance		5,000	5,000		
Safe & Secure Neighborhoods	57,735	57,735	57,735		
2009 - EMPG Exercise Grant	8,000	8,000	8,000		
Total Operations Excluded From "CAPS"	1,728,214	2,005,414	2,005,414		
Detail:					
Salaries and Wages	93,555	98,555	98,555		
Other Expenses	1,634,659	1,906,859	1,906,859		
Capital Improvements - Excluded from "CAPS":					
Capital Improvement	75,000	75,000	75,000		
Total Capital Improvements Excluded from "CAPS"	75,000	75,000	75,000		

**TOWNSHIP OF MOORESTOWN
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	APPROPRIATIONS				CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED EXPENDED	ENCUMBERED RESERVED	
OPERATIONS EXCLUDED FROM "CAPS"					
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	2,419,787	2,419,787	2,419,767		20
Payment of Note Principal	125,000	125,000	125,000		
Interest on Bonds	892,500	892,500	892,373		127
Interest on Notes	3,750	3,750	3,750		
Green Trust Loan Program:					
Loan Repayments for Principal & Interest	23,320	23,320	23,319		1
Total Municipal Debt Service Excluded from "CAPS"	3,464,357	3,464,357	3,464,209		148
Deferred Charges:					
Unfunded Ordinances	4,237	4,237	4,237		
Special Emergency	116,640	116,640	116,640		
Total Statutory Expenditures/Deferred Charges	120,877	120,877	120,877		
Total General Appropriations Excluded from "CAPS"	5,388,448	5,665,648	5,665,500		148
Subtotal General Appropriations Reserve For Uncollected Taxes	21,234,830	21,512,030	20,439,079	537,188	148
Total General Appropriations	\$22,903,018	23,180,218	22,107,267	537,188	148
Reserve for Uncollected Taxes			\$1,668,188		
Cash Disbursements			20,194,159		
Special Emergency Refunds			116,640		
Reserve for Federal & State Grants			(315,437)		
			443,717		
			<u>22,107,267</u>		

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

**TOWNSHIP OF MOORESTOWN
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

ASSETS	REFERENCE	2011	2010
Other Trust Funds:			
Cash - Collector - Treasurer	B-2	\$6,339,080	5,477,303
Investments	B-2	8,753	
Due from Current Fund	A	16,097	50,210
Total Other Trust Funds		<u>6,363,930</u>	<u>5,527,513</u>
Assessment Fund:			
Cash - Treasurer	B-2,B-3	9,709	17,269
Investments	B-2,B-3	3,563	
Assessments Receivable	B-4	529	1,394
Assessment Liens	B-5	287	287
Due from Current Fund	A	5,524	4,762
Total Assessment Funds		<u>19,612</u>	<u>23,712</u>
Dog License Fund:			
Cash - Treasurer	B-2	28,813	20,609
Due from Current Fund	A, B-12		4
Due from Clerk	B-7		2
Total Dog License Fund		<u>28,813</u>	<u>20,615</u>
Total Assets		<u><u>\$6,412,355</u></u>	<u><u>5,571,840</u></u>

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

**TOWNSHIP OF MOORESTOWN
TRUST FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

LIABILITIES, RESERVES & FUND BALANCE	REFERENCE	2011	2010
Other Trust Funds:			
Reserve for:			
Tax Title Lien Redemption	B-13	\$5,773	4,412
Special Law Enforcement Fund	B-13	3,234	18,327
Confiscated Funds	B-13	1,635	1,620
Unemployment Compensation	B-13	70,194	69,605
Uniform Construction Code:			
Third Party Inspection Fees	B-13	350,790	321,212
Health Benefits Insurance & Self Insurance	B-13	1,124	3,356
Premium Received at Tax Sale	B-13	399,910	430,641
Recreation Improvements	B-13	66	35,966
Cash Performance Guarantees	B-13	1,704,274	1,049,462
Miscellaneous Escrow Deposits	B-13	409,666	235,968
Low & Moderate Housing Trust Fund	B-13	1,030,697	1,011,044
Open Space Trust	B-13	1,740,357	1,637,050
Teleport Aesthetic Fee	B-13	76,200	76,200
Tree Replacement Fund	B-13	2,540	5,040
CASA	B-13	100	
Library Insurance	B-13	100	
Tree Remembrance Fund	B-13	3,687	3,653
Snow Removal Fund	B-13	54,256	60,580
Recreation Donation Trust	B-13	5,567	6,724
Renaissance Fund	B-13	26,889	26,908
POAA	B-13	1,390	1,216
South Lenola Road	B-13	9,765	9,765
Strawbridge Lake	B-13	7,827	7,827
Sidewalk Repairs	B-13	6,370	6,370
Gym Repairs	B-13	2,688	2,688
Recreation Funds	B-13	102,111	93,481
Accumulated Leave Fund	B-13	346,720	408,398
		<hr/>	<hr/>
Total Other Trust Funds		6,363,930	5,527,513
Assessment Funds:			
Bonds Payable	B-10	8,260	12,360
Reserve for Assessments & Liens	B-9	767	767
Fund Balance	B-1	10,585	10,585
		<hr/>	<hr/>
Total Assessment Funds		19,612	23,712
Dog License Fund:			
Due Township Clerk's Account	B-7	1	
Due Current Fund	B-12	9,432	
Due to State of New Jersey	B-11	1	4
Reserve for Dog Fund Expenditures	B-6	19,379	20,611
		<hr/>	<hr/>
Total Dog License Fund		28,813	20,615
		<hr/>	<hr/>
Total Liabilities, Reserves & Fund Balance		\$6,412,355	5,571,840
		<hr/> <hr/>	<hr/> <hr/>

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

**TOWNSHIP OF MOORESTOWN
GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

ASSETS	REFERENCE	2011	2010
Cash	C-2	\$2,185,823	3,909,318
Investments	C-2	1,310	
Due from Current Fund	C-4,A	2,087	280
Accounts Receivable:			
Department of Transportation	C	180,000	37,500
Deferred Charges to Future Taxation:			
Funded	C-5	24,478,469	26,961,651
Unfunded	C-3	3,315,948	1,678,434
		<hr/>	
Total Assets		<u>\$30,163,637</u>	<u>32,587,183</u>
LIABILITIES, RESERVES & FUND BALANCE			
Reserve for Encumbrances	C-6	\$876,479	1,192,913
Bond Anticipation Notes	C-10	250,000	375,000
Serial Bonds	C-8	24,432,975	26,894,080
Green Acres Loan	C-9	45,494	67,571
Improvement Authorizations:			
Funded	C-6	908,864	1,075,276
Unfunded	C-6	1,894,077	1,296,057
Reserve For Payment of Debt Service	C-12	258,855	219,378
Reserve For Turf Field Replacement	C	44,580	35,664
Reserve For Town Hall Insurance Settlement	C-13	1,129,676	1,204,676
Capital Improvement Fund	C-7	204,771	152,271
Fund Balance	C-1	117,866	74,297
		<hr/>	
Total Liabilities, Reserves & Fund Balance		<u>\$30,163,637</u>	<u>32,587,183</u>

There were bonds and notes authorized but not issued on December 31, 2011 of \$3,065,947 and on December 31, 2010 was \$1,303,434.

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

**TOWNSHIP OF MOORESTOWN
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

ASSETS	REFERENCE	2011	2010
Operating Fund:			
Cash - Treasurer	D-5	\$4,031,665	1,965,846
Investments	D-5	2,772	
Due Interfunds:			
Current Fund	A	6,344	5,488
Utility Capital Fund	D	89,243	
Utility Assessment Fund	D	734	1
		<hr/>	<hr/>
Total		4,130,758	1,971,335
Receivables & Other Assets With Full Reserves:			
Utility Charges Receivable	D-9	666,665	785,288
		<hr/>	<hr/>
Total Receivable & Other Assets With Full Reserves		666,665	785,288
		<hr/>	<hr/>
Total Operating Fund		4,797,423	2,756,623
Assessment Trust Fund:			
Cash - Treasurer	D-5	81,893	81,159
Due from Current Fund	A	1,098	555
Assessments Receivable	D-10	2,123	2,666
Assessments Held in Abeyance	D-11	58,102	58,102
		<hr/>	<hr/>
Total Assessment Trust Fund		143,216	142,482
Capital Fund:			
Cash - Treasurer	D-5	4,082	717,688
Investments	D-5	8,173	
Fixed Capital:			
Completed	D-12	44,027,152	43,973,195
Authorized & Uncompleted	D-13	3,042,250	2,992,250
Due Utility Operating Fund	D		39
		<hr/>	<hr/>
Total Capital Fund		47,081,657	47,683,172
		<hr/>	<hr/>
Total Operating & Capital Fund		\$52,022,296	50,582,277
		<hr/>	<hr/>

Bonds and Notes authorized but not issued as of December 31, 2011 was \$1,448,750 and as of December 31, 2010 was \$1,401,250.

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

**TOWNSHIP OF MOORESTOWN
WATER-SEWER UTILITY FUND
COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

LIABILITIES RESERVES & FUND BALANCE	REFERENCE	2011	2010
Operating Fund:			
Liabilities:			
Appropriation Reserves	D-4	\$791,783	151,298
Reserve for Encumbrances	D-4	1,013,181	202,707
Overpayments	D	184	166
Accounts Payable	D-5		1,655
Accrued Interest on Bonds	D-15	75,384	89,361
Due Water & Sewer Capital Fund	D		39
		<hr/>	<hr/>
Subtotal		1,880,532	445,226
		<hr/>	<hr/>
Reserve for Receivables	D	666,665	785,288
Fund Balance	D-1	2,250,226	1,526,109
		<hr/>	<hr/>
Total Operating Fund		4,797,423	2,756,623
		<hr/>	<hr/>
Assessment Trust Fund:			
Reserve for Assessments	D-17	60,225	60,767
Due Water & Sewer Operating Fund	D	734	1
Fund Balance	D-2	82,257	81,714
		<hr/>	<hr/>
Total Assessment Trust Fund		143,216	142,482
		<hr/>	<hr/>
Capital Fund:			
Reserve for Encumbrances	D-17	148,416	290,980
Serial Bonds	D-21	5,913,765	7,152,560
Improvement Authorizations:			
Funded	D-17	244,714	243,571
Unfunded	D-17	415,036	1,248,330
Reserves for:			
Amortization	D-19	39,525,137	38,232,385
Deferred Amortization	D-20	181,750	179,250
Capital Improvement Fund	D-18	434,326	206,826
Due Utility Operating Fund	D	89,243	
Fund Balance	D-22	129,270	129,270
		<hr/>	<hr/>
Total Capital Fund		47,081,657	47,683,172
		<hr/>	<hr/>
Total Liabilities, Reserves & Fund Balance		\$52,022,296	50,582,277
		<hr/> <hr/>	<hr/> <hr/>

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

**TOWNSHIP OF MOORESTOWN
WATER-SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
OPERATING FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
Revenue & Other Income Realized:		
Fund Balance Utilized	\$793,278	725,000
Service Charges	8,192,657	7,577,978
Other Anticipated Revenues		165,000
Interest on Investments	32,004	24,505
Miscellaneous	1,168,459	521,833
Unexpended Balance of Appropriation Reserves	123,622	451,769
	<hr/>	<hr/>
Total Income	10,310,020	9,466,085
	<hr/>	<hr/>
Expenditures:		
Budget Appropriations:		
Operating	6,537,500	6,156,824
Capital Improvements	432,500	57,500
Debt Service	1,472,558	1,484,807
Deferred Charges & Statutory Expenditures	336,971	296,200
Refund of Prior Revenue	13,096	
	<hr/>	<hr/>
Total Expenditures	8,792,625	7,995,331
	<hr/>	<hr/>
Statutory Excess to Fund Balance	1,517,395	1,470,754
Fund Balance January 1	1,526,109	780,355
	<hr/>	<hr/>
Total	3,043,504	2,251,109
Less: Utilized by Operating Budget	793,278	725,000
	<hr/>	<hr/>
Balance December 31	\$2,250,226	1,526,109
	<hr/> <hr/>	<hr/> <hr/>

**WATER-SEWER UTILITY ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - (STATUTORY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2011**

Balance December 31, 2010	\$81,714
Increased by:	
Collections of Unpledged Assessments	543
	<hr/>
Balance December 31, 2011	\$82,257
	<hr/> <hr/>

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

**TOWNSHIP OF MOORESTOWN
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	ANTICIPATED	REALIZED	EXCESS OR (DEFICIT)
Operating Surplus Anticipated	\$793,278	793,278	
Water Use Charges	4,450,000	4,767,179	317,179
Sewer Use Charges	2,750,000	3,108,121	358,121
Hydrants	315,000	317,357	2,357
Interest on Investments	20,000	32,004	12,004
Miscellaneous - Water	454,488	581,643	127,155
Miscellaneous - Sewer	22,000	586,816	564,816
	<hr/>		
Total	<u>\$8,804,766</u>	<u>10,186,398</u>	<u>1,381,632</u>
Fund Balance Realized as Revenue		\$793,278	
Other Revenues/Interfunds		(15,016)	
Cash Receipts		<u>9,408,136</u>	
Total		<u>\$10,186,398</u>	

ANALYSIS OF REALIZED REVENUES

Miscellaneous - Water:		
Penalties on Delinquent Accounts		\$39,807
Meter Pit Covers		2,360
Water Connection Fees		52,962
Tower Rental Fees		425,903
Miscellaneous		<u>60,611</u>
Total		<u>\$581,643</u>
Miscellaneous - Sewer:		
Sewer Connection Fees		\$572,591
Miscellaneous		<u>14,225</u>
Total		<u>\$586,816</u>

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

**TOWNSHIP OF MOORESTOWN
WATER-SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	UNEXPENDED BALANCE CANCELED
Operating:					
Salaries & Wages	\$1,804,089	1,804,089	1,652,942	151,147	
Other Expenses	4,733,411	4,733,411	4,254,544	478,867	
Capital Improvements:					
Capital Improvement Fund	230,000	230,000	230,000		
Capital Outlay	202,500	202,500	72,113	130,387	
Debt Service:					
Payment of Bond Principal	1,238,795	1,238,795	1,238,795		
Interest on Bonds	234,000	234,000	233,763		237
Interest on Notes	25,000	25,000			25,000
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	150,000	150,000	118,618	31,382	
PERS	181,971	181,971	181,971		
Unemployment/Disability Insurance	5,000	5,000	5,000		
 Total Expenditures	 \$8,804,766	 8,804,766	 7,987,746	 791,783	 25,237

Reference

D-3

D

Original Budget

\$8,804,766

Total

\$8,804,766

REFERENCE

Accrued Interest on Bonds

D-16

(\$13,977)

Reserve for Encumbrances

D

1,013,181

Refunds

(16,468)

Cash Disbursed

D-5

7,005,010

Total

\$7,987,746

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

TOWNSHIP OF MOORESTOWN
 PAYROLL FUND
 COMPARATIVE STATEMENT OF ASSETS, LIABILITIES, RESERVES AND
 FUND BALANCE - REGULATORY BASIS
 DECEMBER 31, 2011 AND 2010

ASSETS	REFERENCE	2011	2010
Cash	E-1	\$135,001	118,888
Due from Current Fund	A	<u>120</u>	
Total		<u>\$135,121</u>	<u>118,888</u>
LIABILITIES			
Payroll Deductions Payable		\$135,121	118,882
Due to Current Fund	A		<u>6</u>
Total		<u>\$135,121</u>	<u>118,888</u>

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

**TOWNSHIP OF MOORESTOWN
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF FIXED ASSETS AND
FUND BALANCE - REGULATORY BASIS
DECEMBER 31, 2011 AND 2010**

ASSETS	2011	2010
Land & Buildings	\$38,567,337	38,567,337
Equipment & Vehicles	9,319,316	9,440,656
	<hr/>	<hr/>
Total	\$47,886,653	48,007,993
	<hr/> <hr/>	<hr/> <hr/>
FUND BALANCE		
Investment in General Fixed Assets	\$47,886,653	48,007,993
	<hr/> <hr/>	<hr/> <hr/>

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

**TOWNSHIP OF MOORESTOWN
COUNTY OF BURLINGTON**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

TOWNSHIP OF MOORESTOWN
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Township of Moorestown was incorporated under the laws of the State of New Jersey. The financial statements of the reporting entity include those of the Township of Moorestown only and no other component units.

B. Descriptions of Funds

The accounting policies of the Township 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 Township 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.

Trust Fund – receipt, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created, including dog license revenue and expenditures and sundry deposits held for satisfactory completion of specific work.

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

Water and Sewer Operating and Capital Funds – resources for government utility operations, 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.

C. Basis of Accounting

The modified accrual basis of accounting is followed, with minor exceptions. Modifications from the accrual basis follow:

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 and recorded as revenue when received.

TOWNSHIP OF MOORESTOWN

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2011

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

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 Township’s statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balance are automatically created at December 31st 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.

Insurance – costs of insurance for all funds are recorded as expenditures at the time of payment. Insurance costs chargeable to future periods are not carried as prepayments.

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 – Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase. No depreciation has been recorded. Fixed Assets acquired through grants in and/or contributed capital has not been accounted for separately. Fixed Assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is valued at estimated market value.

Property and Equipment purchased by the Water and Sewer utility Fund are recorded in the capital account at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization are an accumulation of charges to operations for the costs of acquisitions of property, equipment and improvements. The utility fund does not record depreciation on fixed assets.

Compensated Absences – All Employees (Except Police Officers) – Township employees are entitled to sick leave days in varying amounts each year. Unused sick leave may be accumulated

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

and carried forward to the subsequent year. Employees shall upon leaving the employment of the Township in good standing by, death, the completion of ten (10) years of service or after age 55, shall be compensated for unused accumulation sick leave in a lump sum payment at the base rate of pay then in effect in accordance with the following formula:

1. If the employee has 149 days or less he or his estate shall be compensated at the rate of \$20 per day.
2. If the employee has 150-174 days remaining he or his estate shall be compensated for 10% of them at the base rate of pay and 90% at the rate of \$20 per day.
3. If the employee has 175-199 days remaining he or his estate shall be compensated for 15% of them at the base rate of pay and 85% at the rate of \$20 per day.
4. If the employee has 200-224 days remaining he or his estate shall be compensated for 20% of them at the base rate of pay and 80% at the rate of \$20 per day.
5. If the employee has 225 days or more remaining he or his estate shall be compensated for 25% of them at the base rate of pay and 75% at the rate of \$20 per day.

The maximum benefit payable under this provision shall be ten thousand dollars (\$10,000).

Police Officers – Township Police Officers are entitled to sick leave days in varying amounts each year. Unused sick leave may be accumulated and carried forward to the subsequent year. Police Officers shall upon leaving the employment of the Township in good standing by death or retirement, shall be compensated for unused accumulated sick leave in a lump sum payment at the base rate of pay then in effect in accordance with the following formula:

1. If the employee has 149 days or less he or his estate shall be compensated at the rate of \$20 per day.
2. If the employee has 150-174 days remaining he or his estate shall be compensated for 15% of them at the base rate of pay and 85% at the rate of \$20 per day.
3. If the employee has 175-199 days remaining he or his estate shall be compensated for 20% of them at the base rate of pay and 80% at the rate of \$20 per day.
4. If the employee has 200-224 days remaining he or his estate shall be compensated for 25% of them at the base rate of pay and 75% at the rate of \$20 per day.
5. If the officer has 225 days or more remaining then he or his estate shall be compensated for 30% of them at the base rate of pay and 70% at the rate of \$20 per day.

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

The maximum benefit payable under this provision shall be twenty thousand dollars (\$22,000).

Employees holding positions set forth in Section 1(a) (Supervisory/Technical, Police, Public Works Supervisors and Clerical Positions) using three (3) sick days or less in a particular year may apply to sell back to the Township up to five (5) days and Police up to 60 hours of that year's sick leave allocation at base pay. To receive approval, an employee in Section 1(a) must have a minimum accumulation of 30 sick days, sick leave to his/her credit at all times, before and after the sellback, and utilize not more than three (3) days through December 31st of the year in which he applies. It is the responsibility of the employee in Section 1(a) (Supervisory/Technical, Police, Public Works Supervisors and Clerical Positions) to complete the appropriate application form between November 1st and December 1st, and his or her decision shall be final.

Vacation days not used during the year may be accumulated and carried forward to the next succeeding year. Vacation days carried forward must be used in the next succeeding year or be forfeited. Upon retirement or termination, employees will be reimbursed for any unused accumulated vacation days at their daily rate of pay based upon the employee's salary in effect at the time of such last year of service.

The amount of accrual for compensated absences as of December 31, 2011 is as follows:

	Employees Accrual	Township Share Of Payroll Taxes
Sick Time	\$ 456,738	\$20,111
Vacation Time	<u>655,976</u>	<u>23,323</u>
Total	<u>\$1,112,714</u>	<u>\$43,434</u>

This liability has not been recorded on the financial statements. Actual payment for compensated absences occurs through the Accumulated Leave Trust Fund Account at the time the employee terminates employment. The Trust Fund Account is funded through annual budget appropriations of both the Current and Utility Fund budgets. The balance in the Trust Fund as of December 31, 2011 is \$346,720.

Property Taxes – Property taxes are an enforceable lien on property as of January 1. Taxes are levied annually and are payable in quarterly installments on February 1, May 1, August 1 and November 1 of each year.

Investments – Investments are stated at actual cost.

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

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

Township'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 governing body prepares and approves by resolution an operating and capital budget for the Current Fund, which is then submitted for certification by the State of New Jersey, Department of Community Affairs, Director of Local Government Services. Upon the receipt of such certification and after a public hearing, the budget is then adopted by resolution. Transfers of budgeted amounts may be made by resolution of the Township Council subsequent to October 31st.

District School Taxes – Regulations provided for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Township has elected to defer school taxes as follows:

	Balance December 31, 2011	Balance December 31, 2010
Local School Taxes:		
Balance of Tax	\$29,169,810	\$29,201,448
Deferred	<u>24,472,999</u>	<u>24,472,999</u>
Tax Payable	<u>\$ 4,696,811</u>	<u>\$ 4,728,449</u>

D. Subsequent Events

The Township has evaluated subsequent events occurring after December 31, 2011 through the date of May 11, 2012, which is the date the financial statements were available to be issued.

Note 2. Bonds and Notes Authorized But Not Issued

At December 31, 2011 the Township of Moorestown had debt authorized but not issued as follows:

General Capital Fund	\$3,065,947
Water & Sewer Utility Capital Fund	1,448,750

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 3. Fund Balance Appropriated

The following amounts of fund balance at December 31, 2011 were anticipated as revenue in the adopted 2012 budget:

	Fund Balance December 31, 2011	Anticipated In 2012 Budget
Current Fund	\$1,237,563	\$1,175,000
Water & Sewer Operating Fund	2,250,226	-0-

Note 4. Pension Plans

A. Plan Description

The Township of Moorestown 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. The Public Employees' Retirement System (P.E.R.S.) was established in January 1955 under the provisions of *N.J.S.A.43:15A* and the Public Fireman's Retirement System (P.F.R.S.) was established as of July 1, 1944 under the provisions of *N.J.S.A.43:16A*. Both plans were set up to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership 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 State of New Jersey P.F.R.S. program as established as of July 1, 1944. The program was established under the provisions of *N.J.S.A.43:16A*, which assigns authority to establish and amend, benefit provisions to the plans' board of trustees. 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 Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625, or calling (609) 984-1684.

B. Vesting and Benefit Provisions

The vesting and benefit provisions of P.E.R.S. are set by *N.J.S.A.43:15A* and *43.3B*. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the

TOWNSHIP OF MOORESTOWN

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2011

Note 4. Pension Plans (continued):

average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The P.E.R.S. provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Note 4C below.

C. Significant Legislation

During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by $\frac{1}{2}$ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for P.E.R.S. were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the P.F.R.S. and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in P.E.R.S. will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 P.E.R.S. members will be age 65 and 30 years of service. Tier 3 was added to P.F.R.S. for enrollees after June 28, 2011. Tier 3 retirees will have a maximum retirement benefit of 65% of final compensation after 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a "target funded ratio".

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 4. Pension Plans (continued):

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

D. Contribution Requirements

The contribution policy is set by *N.J.S.A.43:15A*, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and *N.J.S.A.18:66*, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. P.E.R.S. provide for employee contributions of 6.5%, effective October 1, 2011, of employees' annual compensation as defined. The rate will increase over the next seven years to 7.5%. Employers are required to contribute at an actuarially determined rate in both P.F.R.S. and P.E.R.S. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits and post-retirement medical premiums.

Plan members are required to contribute 10%, effective October 1, 2011, of their annual covered salary for P.F.R.S. and Moorestown Township is required to contribute at an actuarially determined rate. The contribution requirements of plan members and are established and may be amended by the plan's board of trustees. The Township's contributions were as follows:

	2011	2010	2009
Public Employees' Retirement System	\$ 601,903	\$475,316	\$466,417
Police & Firemen's' Retirement System	1,028,555	719,362	701,536
Consolidated Police & Firemen's' Pension Fund	-0-	-0-	13,984

The amount of the employer's current year covered payroll including Library employees for the PERS system was \$4,890,697. The amount of covered payroll for the PFRS system was \$3,427,259. The employees' contributions to both pension systems were \$281,080 or 5.75% of covered payroll for PFRS employees and \$303,767 or 8.86% for PFRS employees.

5. Deferred Charges to Be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011 the Township has no deferred charges to be reported on the balance sheets of their various funds.

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 6. Cash and Cash Equivalents:

The Township is governed by the deposit limitations of New Jersey state law. The Deposits held at December 31, 2011, and reported at fair value are as follows:

Type	Carrying Value
Deposits:	
Demand Deposits	<u>\$21,192,984</u>
Total Deposits	<u>\$21,192,984</u>

Reconciliation of Statement of Comparative Balance Sheets:

Current:	
Treasurer	\$ 8,376,918
Water & Sewer Utility Operating	4,031,665
Dog Trust	28,813
Other Trust	6,339,080
General Capital	2,185,823
Water & Sewer Capital	4,082
Trust Assessment	9,709
Utility Assessment	81,893
Payroll	<u>135,001</u>
Total Reconciliation of Comparative Balance Sheets	<u>\$21,192,984</u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Township’s deposits may not be returned. The Township does have a deposit policy for custodial credit risk. As of December 31, 2011, the Township’s bank balance of \$19,397,322 was insured or collateralized as follows:

Insured	\$ 500,000
Collateralized in the Township’s Name Under GUDPA (See Note 8)	<u>21,641,073</u>
Total	<u>\$22,141,073</u>

Note 7. Investments

A. Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the

TOWNSHIP OF MOORESTOWN
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 7. Investments (continued):

possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township and are held by either the counterparty or the counterparty's trust department or agent but not in the Township's name. All of the Township's investments are held in the name of the Township and are collateralized by GUDPA.

B. Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. The Township has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at December 31, 2011, are provided in the above schedule.

C. 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 Government 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.

TOWNSHIP OF MOORESTOWN
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 7. Investments (continued):

As of December 31, 2011, the Township had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Rating</u>	<u>Fair Value</u>
NJ Cash Management Fund	N/A	N/A	
Other Trust			\$ 8,753
Current			53,431
Trust Assessment			3,563
General Capital			1,310
Utility Capital			8,173
Utility Operating			<u>2,772</u>
 Total NJ CMF Investment			 <u>\$78,002</u>

Note 8. Governmental Unit Deposit Protection Act (GUDPA)

The Township has deposited cash in 2011 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

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 8. Governmental Unit Deposit Protection Act (GUDPA) (continued):

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 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 9. Fixed Assets

The following schedule is a summarization of the General Fixed Assets by Source for the year ended December 31, 2011:

	Balance December 31, 2010	Additions	Deletions	Balance December 31, 2011
Land & Buildings	\$38,567,337			\$38,567,337
Equipment & Vehicles	9,440,656	\$263,968	\$(385,308)	9,319,316
Total	<u>\$48,007,993</u>	<u>\$263,968</u>	<u>\$(385,308)</u>	<u>\$47,886,653</u>

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 10. Joint Insurance Fund

The Township participates in the Professional Municipal Management Joint Insurance Fund (PMMJIF), the Municipal Excess Liability Joint Insurance Fund (MEL) and the New Jersey Environmental Joint Insurance Fund (EJIF), public entity risk pools. Coverage under this joint plan offers workers' compensation and employers' liability, liability other than motor vehicles, property damage other than motor vehicle and motor vehicles. Excess insurance coverages and limits for these types of insurance are provided by third party insurance carriers. The Township is assessed for the contributions for these funds and is responsible for any reserve deficiencies. No contingency or provision has been made in these financial statements for possible deficiencies. No deficiencies occurred at the end of 2011 for the joint insurance pool. The Township's cost of participation in 2011 was \$718,480 with a dividend credit of \$18,183 or a net expense of \$700,297.

Limits of coverage, per occurrence are as follow:

	Township Deductible	JIF	MEL	Third Party Carrier
Workman's Compensation & Employer's Liability	None	\$200,000	\$800,000	Statutory \$5,000,000
Property Damage, Automobile Physical Damage & Contractors Equipment	\$1,000	\$ 50,000	\$200,000	Ranging From \$25,000 to \$100,000,000
General Liability, Physical Damage, Automobile Liability and Police Professional Liability	None	\$200,000	\$800,000	Excess to \$5,000,000
Crime and Dishonesty	\$1,000	\$ 50,000		Excess to \$950,000
Excess Public Officials Bonds	Varies		\$2,000,000	*
Public Officials Employee Practices Liability	Varies		\$1,000,000	

*The deductible of the Excess Public Official Bond is the amount of any other surety bonds.

Note 11. Other Post-Retirement Benefits

New Jersey Statutes 40A:10-23 permits municipalities to provide Township paid medical benefits to certain retirees. The Township provides paid medical insurance to eligible Police retirees as of January 1, 1992, provided that said employee/retiree has accumulated twenty-five (25) years of service in the PFRS retirement system or has otherwise met the requirements of the PFRS retirement system and served the Township of Moorestown at least twenty (20) years and provided they have not yet attained the later of their 65th birthday or Medicare age of eligibility and that they annually certify to the satisfaction of the Township Manager that they have no other medical insurance coverage. Supervisory/Tech and Clerical

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 11. Other Post-Retirement Benefits (continued):

retirees who have served the Township for at least twenty-five (25) years, are at least 55 years of age but have not yet attained their 65th birthday or Medicare eligibility age are eligible for the Township paid medical insurance effective January 1, 1992. These retirees must annually certify to the satisfaction of the Township Manager that they have no other medical insurance coverage and they must pay 30% of the premium for themselves and any dependents. The Township provides medical insurance coverage to an eligible Public Works retiree and his family, provided that the employee is at least 55 years of age, has served the Township at least twenty-five (25) years and contributes 25% of the premium charged. Said coverage shall be provided up to the later of age 65 or Medicare eligibility age providing those eligible annually certify in writing to the satisfaction of the Township Manager that they have no other medical coverage. The coverage provided to all eligible retirees is in the same manner and type for permanent full-time employees.

Effective January 1, 2009, the Township will pay 90% of the medical insurance premiums for any eligible Supervisory/Technical, Clerical, Public Works and Police Dispatcher employee (hired before January 1, 2009 and retiring after January 1, 2008) and their family members provided the employee is at least 55 years of age and has not yet attained age 65 or Medicare age of eligibility, has worked for the township at least twenty-five (25) years and contributes 10% of the premium charged. For all non-police employees hired after January 1, 2009, the Township will pay 50% of the medical insurance premiums for any eligible retiree provided that the employee is at least 55 years of age and has not yet attained the later of age 65 or Medicare age of eligibility, has worked for the Township at least thirty (30) years and contributes 50% of the premium charged.

The financing for the health benefits for eligible retirees is done on a pay-as-you-go basis. The amount of the benefit expenditures/expenses paid during the 2011 year, net of participant contributions, was \$364,736. The number of participants in the plan was 17.

Note 12. Long-Term Debt

The aggregate maturities of principal and interest of the outstanding bonds are as follows:

General Capital Serial Bonds:

	Principal	Interest	Total
2012	\$ 2,578,135	\$ 826,825	\$ 3,404,960
2013	2,625,840	736,134	3,361,974
2014	2,065,000	654,831	2,719,831
2015	2,146,000	580,673	2,726,673
2016	2,227,000	502,134	2,729,134
2017-2021	8,366,000	1,419,080	9,785,080
2022-2026	2,315,000	585,000	2,900,000
2027-2030	2,110,000	185,175	2,295,175
Total	<u>\$24,432,975</u>	<u>\$5,489,851</u>	<u>\$29,922,826</u>

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 12. Long-Term Debt (continued):

General Debt – Green Acres Loan

Year	Principal	Interest	Total
2012	\$22,520	\$ 799	\$23,319
2013	<u>22,974</u>	<u>345</u>	<u>23,319</u>
Total	<u>\$45,494</u>	<u>\$1,144</u>	<u>\$46,638</u>

Trust Assessment Bonds

Year	Principal	Interest	Total
2012	\$ 4,100	\$ 1,367	\$ 5,467
2013	<u>4,160</u>	<u>639</u>	<u>4,799</u>
Total	<u>\$ 8,260</u>	<u>\$2,006</u>	<u>\$10,266</u>

Water and Sewer Utility Bonds

Year	Principal	Interest	Total
2012	\$1,257,765	\$ 200,395	\$1,458,160
2013	420,000	148,804	568,804
2014	310,000	134,788	444,788
2015	319,000	124,852	443,852
2016	318,000	114,748	432,748
2017-2021	1,419,000	441,473	1,860,473
2022-2026	970,000	248,019	1,218,019
2027-2030	<u>900,000</u>	<u>79,675</u>	<u>979,675</u>
Total	<u>\$5,913,765</u>	<u>\$1,492,754</u>	<u>\$7,406,519</u>

During 2006, the Township of Moorestown issued \$11,170,000 of callable General Obligation Bonds dated May 15, 2006. \$9,657,000 was General Improvement Bonds and \$1,513,000 was Utility Bonds that are due each January 15th with various interest rates (4.25% to 4.375%).

During 2010, the Township of Moorestown issued \$11,789,000 of callable General Obligation Bonds dated August 15, 2010. \$8,297,000 was General Improvement Bonds and \$3,492,000 was Utility Bonds that are due each August 15th with various interest rates (2.00% to 3.625%).

Long-term debt as of December 31, 2011 consists of general obligation serial bonds as follows:

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 12. Long-Term Debt (continued):

	Date of Issue	Original Issue	Maturities	Interest Rate	Amount
General Capital Fund:					
General Obligation Refunding Bonds Series 1998	9/01/98	426,400	9/01/08 to 9/01/13	4.25% to 4.70%	\$ 44,235
Green Acres Loan, Series 1996 Recreation Improvements	12/08/93	375,000	9/08/08 to 9/08/13	2.0%	45,494
General Improvement Bonds Series 2003	4/30/03	14,955,340	5/01/08 to 5/01/18	2.75% to 3.75%	8,006,740
General Obligation Refunding Bonds Series 2003	4/30/03	7,236,600	5/01/08 to 5/01/13	2.00% to 3.50%	1,245,000
General Improvement Bonds Series 2006	5/15/06	9,657,000	1/15/08 to 1/15/21	4.25% to 4.375%	7,107,000
General Improvement Bonds Series 2010	8/15/10	8,297,000	8/15/10 to 8/15/30	2.00% to 3.625%	<u>8,030,000</u>
Total					<u>\$24,432,975</u>
Trust Assessment Fund:					
General Obligation Bonds, Series 1996 Various Local Improvements	5/01/03	44,660	5/01/08 to 5/01/13	2.75% to 3.50%	\$ 8,260
Total					<u>\$ 8,260</u>
Water & Sewer Utility Capital Fund:					
General Obligation Refunding Bonds Series 1998	9/01/98	9,558,600	9/01/08 to 9/01/13	4.25% to 4.70%	\$ 990,765
General Obligation Refunding Bonds Series 2003	4/30/03	1,228,400	5/01/08 to 5/01/16	2.00% to 4.00%	435,000
Water & Sewer Utility Bonds Series 2006	5/15/06	1,513,000	1/15/08 to 1/15/21		1,113,000
Water & Sewer Utility Bonds Series 2010	8/15/10	3,492,000	8/15/10 to 8/15/30		<u>3,375,000</u>
Total					<u>\$5,913,765</u>

A Summary of Municipal Debt is as follows:

	2011	2010	2009
Bonds & Notes Issued:			
General Capital Fund	\$24,682,975	\$27,269,080	\$24,339,575
Trust Assessment Fund	8,260	12,360	16,460
Water & Sewer Utility Capital Fund	5,913,765	7,152,560	6,975,915

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 12. Long-Term Debt (continued):

	2011	2010	2009
Loans:			
Green Acres Loan	45,494	67,571	89,212
Bonds & Notes Authorized but not Issued:			
General Capital Fund	3,065,947	1,303,435	4,740,185
Water & Sewer Utility Capital Fund	<u>1,448,750</u>	<u>1,401,250</u>	<u>2,018,480</u>
 Total Loans & Bonds & Notes Issued & Authorized but not Issued	 <u>35,165,191</u>	 <u>37,206,256</u>	 <u>38,179,827</u>
 Less: Funds Temporarily Held to Pay Bonds & Notes:			
Water & Sewer Utility Assessment Cash	81,893	81,159	168,916
Assessment Cash	13,272	17,269	21,216
Reserve for payment of Debt	<u>258,855</u>	<u>219,378</u>	<u>339,925</u>
 Total Deductions	 <u>354,020</u>	 <u>317,806</u>	 <u>530,060</u>
 Net Bond & Notes Issued & Authorized but not Issued	 <u>\$34,811,171</u>	 <u>\$36,888,450</u>	 <u>\$37,649,767</u>

Note 13. Litigation

Certain claims have been filed against the Township alleging damages and the outcome of these claims is not presently determinable. The claims are either being handled by the Township's insurance carrier or are not financially material to the financial statements.

Note 14. Subsequent Event

In 2012, the Township Council has authorized \$1,215,500 of new debt authorizations for General Capital improvements to various roads and parks and \$1,300,000 for Water & Sewer Utility Capital improvements. On March 26, 2012, council adopted Refunding Bond Ordinance No. 4-2012 appropriating \$6,300,000 to refund \$5,935,000 of the 2003 Bond Issue originally dated May 1, 2003 in the principal amount of \$15,000,000.

The Township Council entered into an agreement with Appraisal Systems, Inc. to perform a town-wide reassessment program effective for the year 2013. The contract amount is \$195,080 and will be raised through special emergency notes over years 2013 thru 2017.

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 15. Housing Trust Fund, Developers Agreement with Toll Brother, Inc. for Low and Moderate-Income Housing Contributions

The Township entered into an agreement with Toll Brothers, Inc., a private developer, for the collection of low and moderate-income housing fees for each certificate of occupancy issued at the Moorestown Hunt and Laurel Creek developments. The fees were collected into a trust fund called Housing Trust

Fund I. As of December 31, 2003, all payments for Moorestown Hunt's 252 units had been collected (\$2,591,447.66) and as of December 31, 2002, all payments for Laurel Creek's 457 units have been collected (\$2,828,853.10). The total collected in Housing Trust Fund I was \$5,420,300.76.

The Trust Fund contributions along with interest earnings are dedicated to financing the Township's Low and Moderate-Income Housing Program needed to meet the State of New Jersey's council on Affordable Housing (COAH) requirements.

As of December 31, 2011, the Township had \$997,791 on deposit in the in the dedicated Low and Moderate Income Housing Trust Account. \$11,345.92 was expended in 2011 for the housing program.

In June 1997, the Township adopted a Mandatory Development Fee Ordinance that established standards for the collection, maintenance and expenditure of development fees for developments approved after June 1997, for the purpose of providing low and moderate-income housing. This ordinance required residential development to pay one half (1/2) of one (1) percent and non residential development to pay one (1) percent of the equalized assessed value of the proposed development.

In February 2005, the Township's Mandatory Development Fee Ordinance was amended to require residential development to pay one (1) percent and nonresidential development to pay two (2) percent of the equalized assessed value of the proposed development.

In September 2009, the Township's Mandatory Development Fee Ordinance was amended to require residential development to pay one and one-half (1 1/2) percent and nonresidential development to pay two and one-half (2 1/2) percent of the equalized assessed value of the proposed development.

In 2011, the Township collected \$33,060 in Mandatory Development Fees. The Total amount collected from June 1997, through December 2011, was \$2,045,221.

Note 16. Disclosure for Municipal Open Space Trust Fund

The Township's Open Space Trust Fund Program was approved by referendum in 1998 and the fund subsequently established in 1999. The purpose of the fund is to establish a dedicated tax for the acquisition of lands, either in fee simple or a lesser interest, including, but not limited to an easement restricting development, for recreation and conservation, including the development or maintenance of such acquired lands, or for farmland acquisition and preservation, or for historic property preservation or acquisition, or for the payment of debt service for any of the aforesaid purposes.

TOWNSHIP OF MOORESTOWN

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2011

Note 16. Disclosure for Municipal Open Space Trust Fund (continued):

The Program has subsequently been amended and extended through several referendums. Most recently, the voters have approved an annual tax rate of between one (\$0.01) cent and six (\$0.06) cents per \$100 of assessed real property valuation. The tax rate is to be established annually by Resolution of the Township Council each year through year 2028.

The Township has generated \$15,967,639 in tax revenue, interest income and other sources from 1999 through 2011. The Township has incurred \$14,564,670 in program expenditures through December 2011. The Township also has an agreement with Burlington County for the Township to pay 75% of the cost of an installment purchase agreement used to purchase a property in 2008. The Township's future liability is \$1,906,125 in interest expense made in semi-annual installments of \$56,062.50 through 2027. To date, the Township has preserved 305 acres for open space or farmland through this program.

The Township also participates in the Burlington County Open Space Program, which provides up to 25% matching funds for approved projects and the State of New Jersey Green Acres Program, which provides up to 50% matching funds for approved projects.

Installment Purchase Agreement (IPA)

On May 8, 2008, the Township Council of the Township of Moorestown entered into an agreement with the Board of Chosen Freeholder of the County of Burlington to purchase Block 8700, lot 18 of Moorestown Township in the amount of \$2,990,000 through an installment purchase agreement. Burlington County facilitated the transaction, will continue to act as the paying agent, and is responsible for 25% of the cost. The Township of Moorestown is the owner of the property and will reimburse Burlington County 75% of the cost.

Under the terms of the agreement, the County purchased 2 zero coupon notes totaling \$1,166,668.10. The notes will mature and be payable to the seller in the amount of \$2,990,000 on November 15, 2027. The agreement also calls for the County to make semi-annual interest payments to the seller of five (5) percent of the outstanding balance. The Township is responsible for reimbursing the County 75% of the interest expense. On May 8, 2008, the Township paid the County \$917,670.88 for its share of the notes and interest expense. The Township made additional interest expense reimbursements to the county in the amount of \$392,437.50 as of 12/31/11. The Township will continue to reimburse the County \$112,125 each year for its share of the interest expense. The reimbursements will be made semi-annually by the Open Space Trust Fund on April 15th and October 15th of each year until the notes mature in 2027.

Note 17. Interfunds

The following interfunds remained as of December 31, 2011:

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 17. Interfunds (continued):

Fund	Due From	Due To
Current Fund	\$228,624	\$ 31,270
State/Federal Grant Fund		219,192
Trust Other	16,097	
Trust Assessment	5,524	
Dog License Fund		9,432
General Capital	2,087	
Payroll Fund	120	
Utility Operating	96,321	
Utility Assessment	1,098	734
Utility Capital	<u> </u>	<u>89,243</u>
Total	<u>\$349,871</u>	<u>\$349,871</u>

The purpose of these interfunds is short-term borrowings.

Note 18. Post-Retirement Health Benefits

As of December 31, 2008, an employee is generally eligible for benefits upon retirement provided they have completed 25 years of public employment with the Township of Moorestown and are at least 55 years of age. Public Works Supervisors, Clerical, and Public Works retirees contribute 10% of the premium charged. Police Lodge #109 retirees who select the traditional indemnity plan contribute 33% of the difference in premiums between the traditional plan and the PPO plan.

Employee hired after December 31, 2008 are generally eligible for benefits upon retirement provided they have completed 30 years of public employment with the Township of Moorestown and are at least 55 years of age. Public Works Supervisors, Clerical, and Public Works retirees contribute 50% of the premium charged. Police Lodge #109 retirees who select the traditional indemnity plan contribute 33% of the difference in premiums between the traditional plan and the PPO plan.

Year of service are calculated based upon elapsed time.

Township of Moorestown's annual Other Post-Employment Benefit cost is calculated based on the Annual Required Contribution. The actuarial cost method used to determine the Plan's funding requirements is the "Unit Credit" method. Under this method, an actuarial accrued liability is determined as the present value of the earned benefits, which is allocated to service before the current plan year. The Plan is currently unfunded. The unfunded actuarial liability is amortized over thirty years. The following table shows the changes in Township of Moorestown's annual Other Post-Employment Benefit cost for the year, the amount actually contributed to the Plan and changes in their net Other Post-Employment Benefit obligation to the plan:

TOWNSHIP OF MOORESTOWN

**NOTES TO FINANCIAL STATEMENTS (continued):
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 18. Post-Retirement Health Benefits (continued):

Annual Required Contribution	\$ 1,068,514
Interest on Net Other Post-Employment Benefit	-
Adjustment to Annual Required Contribution	-
	1,068,514
Annual Other Post-Employment Benefit Contributions Made	427,993
Increase in Net OPEB Obligation	640,521
Net OPEB, Beginning of Year	11,941,428
*Adjustment	(1,935,528)
Net OPEB, End of Year	\$10,646,421

*Adjustment is needed due to change in policy. See second paragraph of this note (Note 18).

Township of Moorestown's annual Other Post-Employment Benefit cost, the percentage of annual Other Post Employment Benefit cost contributed to the Plan, and the net Other Post Employment Benefit obligation (OPEB) for the year ending December 31, 2011 is as follows:

YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE CONTRIBUTED	NET OPEB OBLIGATION
12/31/11	\$1,068,514	40.05%	\$10,646,421

Actuarial assumptions were used to value the post-retirement medical liabilities. Actuarial assumptions were based on the actual experience of the covered group, to the extent that creditable experience data was available, with an emphasis on expected long-term future trends rather than giving undue weight to recent past experience. The reasonableness of each actuarial assumption was considered independently based on its own merits, its consistency with each other assumption, and the combined impact of all assumptions.

Two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

The investment return assumption (discount rate) should be the estimated long-term investment yield on the investments that are expected to be used to finance the payments of benefits. The investments expected to be used to finance the payments of benefits would be plan assets for funded plans, assets of the employer for pay-as-you-go plans, or a proportionate combination of the two for plans that being partially funded. We assumed a discount rate of 5.0 percent for purposes of developing the liabilities and Annual Required Contribution on the basis that the Plan would not be funded. We based medical claims on an annual average claims cost of approximately \$22,902 per covered retiree for family coverage and \$10,347 for single coverage. We assumed health care costs would increase annually at a rate of 7%.

TOWNSHIP OF MOORESTOWN

NOTES TO FINANCIAL STATEMENTS (continued): FOR THE YEAR ENDED DECEMBER 31, 2011

Note 18. Post-Retirement Health Benefits (continued):

Township of Moorestown currently has eighteen eligible retired employees receiving retirement benefits. The net Other Post-Employment Benefit obligation to Township of Moorestown to provide benefits to the retirees for the year ended December 31, 2011, was \$10,646,421.

19. Tax Appeals and Reassessment Program

The Township had a revaluation in year 2008. Properties were valued as of October 1, 2007. Since then, the Township has experienced significant tax appeals through both the County Tax Board and State Tax Court. Appeals filed with the County Tax Board are resolved in the same year they are filed and tax refunds are sufficiently covered by the Reserve for Uncollected Taxes budget appropriation. State Tax Court judgments typically take years to resolve. Any current year refunds would be handled through the Reserve for Uncollected Taxes budget appropriation. Refunds generated by prior years' tax appeals will be managed through one of three options. The first method is to charge prior years' refunds against the Reserve for Tax Appeals which has a balance of \$383,786.64 as of December 31, 2011. A second option is to charge smaller refunds directly against fund balance. The third option, reserved for larger tax appeals, will be to refinance the tax refunds through notes and raise the necessary funds over several years' subsequent budgets. The Township has outstanding state tax court appeals, listed by gross assessment value for each respective year under appeal, as follows: Year 2008 – \$221,464,800; Year 2009 – \$347,054,800; Year 2010 – \$408,640,300; and Year 2011 – \$459,747,800.

The Township will undertake a reassessment program in 2012 that will establish new values effective for Year 2013. The goal of the reassessment program is to minimize future tax appeals, stem the loss of future tax revenues and provide a more equitable distribution of the tax burden. The cost of the program is \$195,080 with one-fifth of the cost to be raised in each of 2013 – 2017 subsequent years' budgets.

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APPENDIX C

Form of Approving Legal Opinion

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_____, 2012

Township Council of the
Township of Moorestown, in the
County of Burlington, New Jersey

Dear Council Members:

We have acted as bond counsel to the Township of Moorestown, in the County of Burlington, New Jersey (the “Township”) in connection with the issuance by the Township of \$5,790,000 Refunding Bonds (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 (i) N.J.S.A. 40A:2-51 et seq. of the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended), (ii) a refunding bond ordinance of the Township finally adopted on March 26, 2012 and entitled, “Refunding Bond Ordinance of the Township of Moorestown, in the County of Burlington, New Jersey, Providing for the Refunding of All or a Portion of the Outstanding General Improvement Bonds of the Township, Dated May 1, 2003, Issued In the Original Principal Amount of \$15,000,000, Appropriating \$6,300,000 Therefor and Authorizing the Issuance of \$6,300,000 Refunding Bonds of the Township for Financing the Cost Thereof” and (iii) a resolution of the Township adopted on March 26, 2012.

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 Township, and the Township has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The Township 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 tax purposes retroactive to the date of issuance of the Bonds. In the event that the Township continuously complies with its covenant and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township, it is our opinion that interest on the Bonds is not includable in gross income for federal income tax purposes under current law and is not an item of tax preference, for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. Interest on the Bonds held by a corporate taxpayer is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Bonds in "adjusted current earnings." 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.

Very truly yours,