

NEW ISSUE

Ratings: Moody's: "Aa2"
Standard & Poor's: "AA"
(See "RATINGS" herein)

In the opinion of DeCotiis, FitzPatrick & Cole, LLP, Bond Counsel, assuming continuing compliance by the Township with certain covenants described herein, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes, and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended, for purposes of computing the federal alternative minimum tax; and, pursuant to the Recovery Act of 2009, interest on the New Money Bonds is not included in adjusted current earnings when calculating corporate alternative minimum taxable income, and interest on the Refunding Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds. Further, in the opinion of Bond Counsel, under current law, interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**TOWNSHIP OF SOUTH BRUNSWICK
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

\$10,036,000 GENERAL OBLIGATION BONDS, SERIES 2010

consisting of:

\$926,000 General Improvement Bonds, Series 2010

\$3,168,000 Open Space Bonds, Series 2010

\$5,942,000 Water-Sewer Utility Bonds, Series 2010

(BOOK-ENTRY ONLY) (BANK QUALIFIED) (CALLABLE)

and

\$6,650,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010

(BOOK-ENTRY ONLY) (BANK QUALIFIED) (NON-CALLABLE)

DATED: Date of Delivery

DUE: New Money Bonds: October 1
General Obligation Refunding Bonds: January 15
(As shown on the inside cover)

The \$10,036,000 General Obligation Bonds, Series 2010, consisting of \$926,000 General Improvement Bonds, Series 2010 (the "General Improvement Bonds"), \$3,168,000 Open Space Bonds, Series 2010 (the "Open Space Bonds") and \$5,942,000 Water-Sewer Utility Bonds, Series 2010 (the "Water-Sewer Utility Bonds" and, collectively with the General Improvement Bonds and Open Space Bonds, the "New Money Bonds") along with the \$6,650,000* General Obligation Refunding Bonds, Series 2010 (the "Refunding Bonds" and, collectively with the New Money Bonds, the "Bonds") of the Township of South Brunswick in the County of Middlesex, New Jersey (the "Township") are valid and legally binding general obligations of the Township and, unless paid from other sources, are payable from ad valorem taxes levied upon all taxable real property within the Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

The Bonds will be issued as fully-registered bonds in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of beneficial ownership interests in the Bonds may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof. Beneficial Owners of the Bonds will not receive certificates representing their interests in the Bonds. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

Principal of the New Money Bonds is payable on October 1 in each of the years set forth below. Interest on the New Money Bonds is payable initially on April 1, 2011 and semiannually thereafter on October 1 and April 1 of each year until maturity. As long as DTC or its nominee Cede & Co. is the registered owner of the New Money Bonds, payment of the principal of and interest on the New Money Bonds will be made by the Township directly to DTC or its nominee, Cede & Co. Interest on the New Money Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding March 15 and September 15 (the "Record Dates" for the payment of interest on the New Money Bonds).

Principal of the Refunding Bonds is payable on January 15 in each of the years set forth below. Interest on the Refunding Bonds is payable initially on January 15, 2011 and semiannually thereafter on July 15 and January 15 of each year until maturity. As long as DTC or its nominee Cede & Co. is the registered owner of the Refunding Bonds, payment of the principal of and interest on the Refunding Bonds will be made by the Township directly to DTC or its nominee, Cede & Co. 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 January 1 and July 1 (the "Record Dates" for the payment of interest on the Refunding Bonds).

The New Money Bonds are subject to redemption prior to their stated maturities as described herein. The Refunding Bonds are not subject to redemption prior to their stated maturities as described herein.

The Bonds are offered when, as and if issued and subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of DeCotiis, FitzPatrick & Cole, LLP, Teaneck, New Jersey, Bond Counsel, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Counsel, Donald Sears, South Brunswick, New Jersey. Phoenix Advisors, LLC has served as financial advisor in connection with the Bonds. The Bonds are expected to be available for delivery in definitive form through DTC in New York, New York on or about October 19, 2010.

**ELECTRONIC SUBMISSIONS WILL BE RECEIVED VIA PARITY AT
11:00 A.M. ON THURSDAY, SEPTEMBER 23, 2010 FOR THE NEW MONEY BONDS AND
11:15 A.M. ON THURSDAY, SEPTEMBER 23, 2010 FOR THE REFUNDING BONDS
FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,
VIEW THE NOTICE OF SALE POSTED AT WWW.I-DEALPROSPECTUS.COM**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

MATURITIES, AMOUNTS, INTEREST RATES AND YIELD
\$10,036,000 GENERAL OBLIGATION BONDS, SERIES 2010

<u>Year</u>	<u>General Improvement</u>	<u>Open Space</u>	<u>Water/Sewer Utility</u>	<u>Aggregate Principal</u>	<u>Interest Rate</u>	<u>Yield</u>
2011	\$150,000	\$100,000		\$250,000	%	%
2012	190,000	105,000	\$25,000	320,000		
2013	120,000	110,000	100,000	330,000		
2014	100,000	115,000	150,000	365,000		
2015	100,000	120,000	250,000	470,000		
2016	90,000	130,000	500,000	720,000		
2017	90,000	145,000	500,000	735,000		
2018	86,000	145,000	500,000	731,000		
2019		145,000	500,000	645,000		
2020		155,000	500,000	655,000		
2021		170,000	500,000	670,000		
2022		180,000	600,000	780,000		
2023		180,000	600,000	780,000		
2024		185,000	600,000	785,000		
2025		183,000	617,000	800,000		
2026		200,000		200,000		
2027		200,000		200,000		
2028		200,000		200,000		
2029		200,000		200,000		
2030		200,000		200,000		

MATURITIES*, AMOUNTS, INTEREST RATES AND YIELD
\$6,650,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010

<u>Year</u>	<u>General Improvement*</u>	<u>Interest Rate</u>	<u>Yield</u>
2011	\$105,000	%	%
2012	700,000		
2013	685,000		
2014	675,000		
2015	675,000		
2016	665,000		
2017	650,000		
2018	640,000		
2019	630,000		
2020	620,000		
2021	605,000		

* Preliminary, subject to change.

**TOWNSHIP OF SOUTH BRUNSWICK
MUNICIPAL BUILDING
540 RIDGE ROAD
MONMOUTH JUNCTION, NEW JERSEY 08852**

Mayor

Frank Gambatese

Township Council

Christopher Killmurray (Deputy Mayor)

Charles Carley

Joseph Camarota Jr.

John O'Sullivan

Township Manager

Matthew U. Watkins

Township Chief Financial Officer

Joseph P. Monzo

Tax Collector

Wendy L. Bukowski

Township Clerk

Barbara Nyiatri

Township Solicitor

Donald J. Sears, Esquire

Township Auditor

Wiss & Company, LLP

Livingston, New Jersey

Bond Counsel

DeCotiis, FitzPatrick & Cole, LLP

Teaneck, New Jersey

Financial Advisor

Phoenix Advisors, LLC

Bordentown, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Bonds 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 or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Township. The information and 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 Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Underwriter.

TABLE OF CONTENTS

INTRODUCTION	1
THE BONDS	1
General Description	1
Book-Entry Only System.....	2
Discontinuation of Book-Entry Only System	4
Redemption	4
AUTHORIZATION AND PURPOSE OF THE BONDS	5
New Money Bonds	5
Refunding Bonds	6
SECURITY AND SOURCE OF PAYMENT	7
General	7
THE TOWNSHIP	7
General Information.....	7
MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES	7
Local Bond Law (N.J.S.A. 40A:2-1 et seq.).....	7
Debt Limits	7
Exceptions to Debt Limits - Extension of Credit.....	8
Short-Term Financing.....	8
The Local Budget Law (N.J.S.A. 40A:4-1 et seq.).....	8
Miscellaneous Revenues	9
Real Estate Taxes	9
Deferral of Current Expenses.....	9
Budget Transfers	9
Operations of Utilities.....	10
Capital Budget	10
Appropriation and Tax Levy "CAPS"	10
Fiscal Year Adjustment Law	11
State Supervision	11
Tax Assessment and Collection Procedure.....	12
Tax Appeals	12
Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.).....	12
SECONDARY MARKET DISCLOSURE	13
LITIGATION	13
TAX MATTERS	13
RATINGS	15
UNDERWRITER	15
FINANCIAL ADVISOR	16
VERIFICATION OF MATHEMATICAL COMPUTATIONS	16
MUNICIPAL BANKRUPTCY	16
APPROVAL OF LEGAL PROCEEDINGS	17
PREPARATION OF OFFICIAL STATEMENT	17
ADDITIONAL INFORMATION	17
MISCELLANEOUS	17

APPENDIX A	GENERAL INFORMATION REGARDING THE TOWNSHIP OF SOUTH BRUNSWICK
APPENDIX B	AUDITED FINANCIAL DATA AS OF DECEMBER 31, 2009
APPENDIX C	FORMS OF LEGAL OPINIONS
APPENDIX D	FORM OF CONTINUING DISCLOSURE CERTIFICATE

**OFFICIAL STATEMENT
Relating to**

\$10,036,000 GENERAL OBLIGATION BONDS, SERIES 2010

consisting of:

\$926,000 General Improvement Bonds, Series 2010

\$3,168,000 Open Space Bonds, Series 2010

\$5,942,000 Water-Sewer Utility Bonds, Series 2010

and

\$6,650,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010

**OF THE TOWNSHIP OF SOUTH BRUNSWICK IN THE
COUNTY OF MIDDLESEX, NEW JERSEY**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of South Brunswick in the County of Middlesex, New Jersey (the "Township") in connection with the sale and the issuance of \$10,036,000 General Obligation Bonds, Series 2010, consisting of \$926,000 General Improvement Bonds, Series 2010 (the "General Improvement Bonds"), \$3,168,000 Open Space Bonds, Series 2010 (the "Open Space Bonds") and \$5,942,000 Water-Sewer Utility Bonds, Series 2010 (the "Water-Sewer Utility Bonds" and, collectively with the General Improvement Bonds and Open Space Bonds, the "New Money Bonds") along with the \$6,650,000* General Obligation Refunding Bonds, Series 2010 (the "Refunding Bonds" and, collectively with the New Money Bonds, the "Bonds"). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the sale of the Bonds.

THE BONDS

General Description

The Bonds are dated their date of delivery, will mature on the dates and in the amounts and will bear interest payable semiannually, all as set forth on the cover page hereof. The Bonds may be purchased in book-entry only form in the amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books of The Depository Trust Company, New York, New York ("DTC"), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Township directly to Cede & Co. (or any successor or assign) as nominee for DTC.

Principal of the New Money Bonds is payable on October 1 in each of the years set forth on the inside front cover hereof. Interest on the New Money Bonds is payable initially on April 1, 2011 and semiannually thereafter on October 1 and April 1 of each year until maturity. As long as DTC or its nominee Cede & Co. is the registered owner of the New Money Bonds, payment of the principal of and interest on the New Money Bonds will be made by the Township directly to DTC or its nominee, Cede & Co. Interest on the New Money Bonds will be credited to the participants of DTC as listed on the records

* Preliminary, subject to change.

of DTC as of each next preceding March 15 and September 15 (the “Record Dates” for the payment of interest on the New Money Bonds).

Principal of the Refunding Bonds is payable on January 15 in each of the years set forth on the inside front cover hereof. Interest on the Refunding Bonds is payable initially on January 15, 2011 and semiannually thereafter on July 15 and January 15 of each year until maturity. As long as DTC or its nominee Cede & Co. is the registered owner of the Refunding Bonds, payment of the principal of and interest on the Refunding Bonds will be made by the Township directly to DTC or its nominee, Cede & Co. 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 January 1 and July 1 (the “Record Dates” for the payment of interest on the Refunding Bonds).

Book-Entry Only System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Bonds, payment of principal and interest and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the 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 Bonds. The 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 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, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, agent, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or agent,

disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Township or the 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 system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System

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

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

Redemption

The New Money Bonds maturing prior to October 1, 2021 are not subject to redemption prior to their stated maturity dates. The New Money Bonds maturing on or after October 1, 2021 are redeemable at the option of the Township, upon notice as set forth below, in whole or in part, on any date on or after October 1, 2020 at par plus accrued interest, if any, to the date fixed for redemption.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the New Money Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such New Money Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Township or a duly appointed Bond Registrar. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Township determines, upon the exercise of its right of optional redemption, to redeem a portion of the New Money Bonds prior to maturity, the New Money Bonds to be redeemed shall be selected by the Township. The New Money Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If notice of redemption has been given as provided herein, the New Money Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with unpaid accrued interest to the date fixed for redemption. Interest shall cease to accrue on the New Money Bonds after the date fixed for redemption. Payment shall be made upon surrender of the New Money Bonds redeemed.

The Refunding Bonds are not subject to redemption prior to maturity.

AUTHORIZATION AND PURPOSE OF THE BONDS

New Money Bonds

The New Money Bonds have been authorized and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the “Local Bond Law”). The New Money Bonds are authorized by bond ordinances adopted by the Township Council referred to in the charts below (the “Bond Ordinance”) and by a resolution adopted by the Township Council on September 14, 2010 (the “Resolution”). The Local Finance Board in the Division of Local Government Services of the Department of Community Affairs of the State of New Jersey approved the non-conforming maturity schedule for the Water-Sewer Utility Bonds by virtue of a resolution adopted on August 26, 2010.

The proceeds of the New Money Bonds will be used to (i) provide \$10,036,000 of monies for the projects described below, and (ii) pay costs and expenses incidental to the issuance and delivery of the New Money Bonds.

General Improvement		
Principal Amount of the Bonds	Description of Improvements	Ordinance Number
\$196,000	Various capital improvements, finally adopted July 22, 2008.	#2008-47
\$160,000	Acquisition of an ambulance, finally adopted September 23, 2008.	#2008-52
\$380,000	Various capital improvements, finally adopted August 25, 2009.	#2009-35
\$190,000	Acquisition of an ambulance, finally adopted May 11, 2010.	#2010-14
\$926,000		

Open Space		
Principal Amount of the Bonds	Description of Improvements	Ordinance Number
\$2,375,000	Acquisition of property for open space, finally adopted December 15, 2009.	#2009-54
\$451,000	Acquisition of property for open space, finally adopted April 13, 2010.	#2010-12
\$342,000	Acquisition of property for open space, finally adopted July 27, 2010.	#2010-27
\$3,168,000		

Water/Sewer Utility		
Principal Amount of the Bonds	Description of Improvements	Ordinance Number
\$345,000	Various water and sewer improvements, finally adopted October 16, 1990	#1990-55
\$1,322,000	Force main design and easement acquisitions for pump station #10, finally adopted July 15, 1997.	#1997-52
\$1,925,000	Various utility improvements, finally adopted July 24, 2007.	#2007-35
\$450,000	Water improvements to Deans Pond Lane West Service area , finally adopted August 26, 2008.	#2008-50
\$1,900,000	Various water and sewer improvements, finally adopted August 25, 2009.	#2009-36
\$5,942,000		

Refunding Bonds

The Refunding Bonds have been authorized and are being issued pursuant to the laws of the State, including the Local Bond Law, a refunding bond ordinance of the Township finally adopted on August 24, 2010, and entitled “*Refunding Bond Ordinance of the Township of South Brunswick, in the County of Middlesex, New Jersey Providing for the Refunding of Certain General Improvement Bonds of the Township and Appropriating an Amount Not Exceeding \$6,750,000 Therefor and Authorizing the Issuance of Not to Exceed \$6,750,000 Refunding Bonds of the Township of South Brunswick for Financing the Cost Thereof*” and by a resolution duly adopted by the Township on September 14, 2010 (the “Resolution”). The Local Finance Board in the Division of Local Government Services of the Department of Community Affairs of the State of New Jersey approved the issuance of the Bonds by virtue of a resolution adopted on August 26, 2010.

The purpose of the Refunding Bonds is to (i) currently refund the outstanding callable principal amount of the originally issued \$11,227,000 General Improvement Bonds, Series 2003 (the “2003 Bonds”) and maturing on January 15 in the years 2012 through and including 2021 in the total amount of \$6,467,000 (the “Refunded Bonds”), on January 15, 2011 (the “Redemption Date”) at 100% plus accrued interest to the Redemption Date and (ii) pay the costs of issuance with respect to the Refunding Bonds.

A portion of the proceeds of the Refunding Bonds will be deposited upon delivery thereof in an escrow account for the Refunding Bonds with TD Bank, National Association, Cherry Hill, New Jersey (the “Escrow Agent”), and such proceeds will be invested in direct non-callable obligations of the United States of America (the “Government Obligations”), the principal of which, together with cash and any investment earnings thereon, will be sufficient to pay, when due, the interest on the Refunded Bonds to their Redemption Date and the principal and redemption premium, if any, on the Refunded Bonds on their Redemption Date.

The Township will give irrevocable instructions to the Escrow Agent on the delivery date to have the Refunded Bonds called for redemption on the Redemption Date.

SECURITY AND SOURCE OF PAYMENT

General

The 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 of and the interest on the Bonds. Unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied upon all the taxable real property within the Township without limitation as to rate or amount. However, the enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, moratorium or similar laws relating to the enforcement of creditors' rights or to the application of general principles of equity by a court of competent jurisdiction.

THE TOWNSHIP

General Information

The Township of South Brunswick is located in the County of Middlesex, New Jersey. The governing bond of the Township consists of the Mayor and four (4) elected at-large members of the Township Council, each of whom serve a four-year term. The Township Manager is the Chief Executive Officer of the Township and is responsible for carrying-out the policies of the Township Council. The Chief Financial Officer heads the Finance Department which is responsible for tax collection, sewer and water utilities collection, data processing, treasury and purchasing.

For more information regarding the Township including the tax base, please see "Appendix A: General Information Regarding the Township of South Brunswick" and "Appendix B: Audited Financial Data as of December 31, 2009."

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

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

The Local Bond Law governs the issuance of bonds and notes by counties and municipalities ("local units" or, individually, "local unit") to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in annual installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the local unit are general full faith and credit obligations.

Debt Limits

The authorized bonded indebtedness of the local unit for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its average equalized valuation basis.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Township of South Brunswick has not exceeded its statutory debt limit. See "Appendix A: General Information Regarding the Township of South Brunswick."

Exceptions to Debt Limits - Extension of Credit

Municipalities may exceed their debt limits with the approval of the Local Finance Board, a state regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the local unit 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 local unit or substantially reduce the ability of the local unit to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the local unit to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing

The Township may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. A local unit's bond anticipation notes must mature within one year, but may be renewed or rolled over. Bond anticipation notes, including renewals, must mature and be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. For bond ordinances adopted on or after February 3, 2003, notes may only be renewed beyond the third anniversary date of the original notes if a minimum payment equal to the first year's legally payable installment of the bonds in anticipation of which those notes are issued is paid and retired on or before each anniversary date from funds other than the proceeds of bonds or notes. For bond ordinances adopted prior to February 3, 2003, the governing body may elect to make such minimum principal payment only when the notes are renewed beyond the third and fourth anniversary dates.

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

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (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.

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.

Miscellaneous Revenues

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in 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.

Real Estate Taxes

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

Deferral of Current Expenses

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

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

Budget Transfers

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

Operations of Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be funded from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Capital Budget

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 three 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.

Appropriation and Tax Levy "CAPS"

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". 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. 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.

Additionally, P.L. 2007, c. 62, effective April 3, 2007, imposed a 4% cap on the tax levy of a municipality, county, fire district, or solid waste collection district, with certain exclusions and allowing waivers by the Local Finance Board, and on July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment, reducing the tax levy cap to 2%.

Exclusions from the two percent (2%) tax levy cap include: (i) increases required to be raised by taxation for capital expenditures, including debt service as defined by law; (ii) increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; (iii) increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and (iv) and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of

the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate. The amendments to the tax levy cap sections of the "Cap Law" (specifically, N.J.S.A. 40A:-45.44-46) in 2010 no longer permit Municipalities, counties, fire districts and solid waste collection districts to request approval from the Local Finance Board for a waiver to increase the amount to be raised by taxation in excess of the two percent (2%) cap. However, counties, municipalities, fire districts and solid waste collection districts may request, through a public question submitted to the voters, an increase in the amount to be raised by taxes above the two percent (2%) tax levy cap. Such approval must be achieved by an affirmative vote in excess of fifty percent (50%) of those voting on such public question.

Neither the tax levy limitation nor the "Cap Law" limits 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.

Fiscal Year Adjustment Law

Chapter 75 of the Pamphlet Laws of 1991, signed into law on March 28, 1992, 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-month transition budget for January to June. 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-month transition budget. The Act provides that the deficit in the six-month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six-month transition budget. Notes issued in anticipation of Fiscal Year Adjustment Bonds, including renewals, can only be issued for up to one year unless the Local Finance Board permits the municipality to renew them for a further 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 Act 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. The Township of South Brunswick has not changed its fiscal year.

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 successive years; which has a deficit greater than 4 percent of its tax levy for two successive years; which has failed to make payments due and owing to the state, county, school district or special district for two consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds 25 percent 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 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 results 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.

Upon the filing of certified adopted budgets by the municipality's local school district, fire district and the county, the tax rate is struck by the county Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory 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 districts.

Tax bills for calendar-year municipalities are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal 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 of the delinquency and 18% per annum on any amount in excess of \$1,500. Pursuant to c. 75, P.L. 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. 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 Appeals

New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, a municipality must mail to each property-owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. The County Board of Taxation has the authority, after a hearing, to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey, for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

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

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

An independent examination of each local unit accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must

be published in a local newspaper within 30 days of its submission. The entire Annual Report for the Township is on file with the Township Clerk and is available for review during normal business hours.

SECONDARY MARKET DISCLOSURE

The Township has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Township by no later than nine (9) months after the end of each fiscal year (the “Annual Report”) commencing with the fiscal year ending December 31, 2010, and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Township with the Municipal Securities Rulemaking Board (the “MSRB”). The notices of material events will be filed by the Township with the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in “APPENDIX D - Form of Continuing Disclosure Certificate.” These covenants have been made to assist the Underwriter in complying with Rule 15c2-12. As of the date of this 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. With respect to the Bonds, the Township expects to file its Annual Report and any notice of the occurrence of the enumerated events with the MSRB’s Electronic Municipal Market Access System (“EMMA”) (<http://emma.msrb.org>).

LITIGATION

To the knowledge of the attorney for the Township, Donald Sears, South Brunswick, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the attorney for the Township, no litigation is presently pending or threatened that, in the opinion of the attorney for the Township, 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 attorney for the Township and delivered to the Underwriter of the Bonds at the closing.

TAX MATTERS

The Township has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Internal Revenue Code of 1986, as amended (“Code”). Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the opinion of DeCotiis, FitzPatrick & Cole, LLP, Bond Counsel, to be delivered at the time of original issuance of the Bonds, assuming continuing compliance by the Township with certain covenants described herein, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax; and, pursuant to the Recovery Act of 2009, interest on the New Money Bonds is not included in adjusted current earnings when calculating corporate alternative minimum taxable income, and interest on the Refunding Bonds is included in adjusted current earnings when calculating corporate alternative minimum taxable income. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Bonds.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Bonds in order to assure that the interest on the Bonds will be and remain excludable

from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Bonds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The Township has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Bonds will be and will remain excluded from gross income for federal income tax purposes. The Township will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Bonds, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the Township. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Township in connection with the Bonds, and Bond Counsel has assumed compliance by the Township with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

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

The opinions of Bond Counsel are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Alternative Minimum Tax. Section 55 of the Code provides that an alternative minimum tax is imposed on corporations at a rate of 20 percent. For purposes of the corporate alternative minimum tax, the Code includes an increase adjustment for computation of the alternative minimum tax consisting generally of 75 percent of the amount by which "adjusted current earnings" exceeds alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction). Interest on the Refunding Bonds is subject to the alternative minimum tax on the increase adjustment described above and, pursuant to the American Recovery and Reinvestment Act of 2009, interest on the New Money Bonds is not subject to the alternative minimum tax on the increase adjustment described above.

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

Branch Profits Tax. Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the "dividend equivalent amount" for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation for purposes of the branch profits tax.

S Corporation Tax. Section 1375 of the Code imposes a tax on the "excess net passive income" of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year.

The U.S. Department of Treasury has issued regulations indicating that interest on tax-exempt bonds, such as the Bonds, held by an S corporation would be included in the calculation of excess net passive income.

Other Federal Tax Consequences. Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of each of the Bonds should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

Possible Government Action. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt bonds. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Bonds involving either the Bonds or other tax-exempt bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds.

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

RATINGS

The Township has requested a rating for the Bonds from Moody's Investors Service ("Moody's") and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies ("S&P") (together, the "Rating Agencies"). Moody's and S&P have assigned their ratings of "Aa2" and "AA," respectively, to the Bonds.

An explanation of the significance of such credit ratings may be obtained from S&P at 55 Water Street, New York, New York 10041 and from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that such credit ratings will continue for any period of time or that such ratings will not be revised or withdrawn. Any such revision or withdrawal of such credit ratings may have an adverse affect on the market price of the Bonds. Neither the Township nor the Underwriter have undertaken or will undertake any responsibility to bring to the attention of the owners of the Bonds any proposed change or withdrawal of such credit ratings or to oppose any such proposed revision.

UNDERWRITER

The New Money Bonds have been purchased from the Township at a public sale by _____, _____, _____, (the "New Money Underwriter") at a price of \$_____, consisting of \$_____ par amount of New Money Bonds, plus a premium in the amount of \$_____. The New Money Underwriter has purchased the New Money Bonds in accordance with the Notice of Sale. The New Money Bonds are being offered for sale at the yields or prices set forth on the inside front cover page of this Official Statement, which yields or prices may be changed from time to time by the New Money Underwriter without notice.

The Refunding Bonds have been purchased from the Township at a public sale by _____, _____, _____, (the "Refunding Underwriter" and together with the

New Money Underwriter, the “Underwriters”) at a price of \$ _____, consisting of \$ _____ par amount of Refunding Bonds, plus a premium in the amount of \$ _____. The Refunding Underwriter has purchased the Refunding Bonds in accordance with the Notice of Sale. The Refunding Bonds are being offered for sale at the yields or prices set forth on the inside front cover page of this Official Statement, which yields or prices may be changed from time to time by the Refunding Underwriter without notice.

The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower or yields higher than the public offering prices or yields set forth on the cover page of this Official Statement.

FINANCIAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey served as financial advisor to the Township (the “Financial Advisor”) with respect to the issuance of the Bonds. This Official Statement has been prepared with the assistance of the Financial Advisor. Certain information set forth herein has been obtained from the Township and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized. The Financial Advisor is a financial advisory firm, and is not engaged in the business of underwriting, marketing or trading municipal securities or any other negotiable instrument.

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 their respective redemption date and the principal or redemption price of the Refunded Bonds on their respective redemption date and (ii) the Refunding Bonds will not be “arbitrage bonds” under the Code, is supported by the mathematical computations independently verified by Hodulik & Morrison, P.A., Highland Park, New Jersey.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 94-260, approved April 8, 1976, the Bankruptcy Reform Act of 1978, effective October 1, 1979, Public Law 100-597, effective November 3, 1988, the Bankruptcy Reform Act of 1994, effective October 22, 1994 and other bankruptcy laws affecting creditor's rights and local political subdivisions in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-

half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of DeCotiis, FitzPatrick & Cole, LLP, Teaneck, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as Appendix C. Certain legal matters will be passed on for the Township by its Counsel, Donald Sears, South Brunswick, New Jersey.

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 to the purchasers of the Bonds, by certificates signed by the Chief Financial Officer, that to his knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Joseph P. Monzo, Chief Financial Officer, Township of South Brunswick, Municipal Building, 540 Ridge Road, Monmouth Junction, New Jersey 08852, (732) 329-4000 (ext. 7322) or to Sherry L. Tracey, Managing Director, Phoenix Advisors, 4 West Park Street, Bordentown NJ 08505, (609) 291-0130.

MISCELLANEOUS

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

**THE TOWNSHIP OF SOUTH BRUNSWICK
IN THE COUNTY OF MIDDLESEX, NEW JERSEY**

**JOSEPH P. MONZO
CHIEF FINANCIAL OFFICER**

September __, 2010

APPENDIX A

GENERAL INFORMATION REGARDING THE TOWNSHIP OF SOUTH BRUNSWICK

GOVERNING BODY AND ADMINISTRATION

The governing body of the Township of South Brunswick, in the County of Middlesex (the “Township”) consists of the Mayor and four (4) elected at-large members of the Township Council, each of whom serve a four-year term. Terms are staggered by two-year intervals. The Council serves as a legislative arm of the government and establishes the policies of the Township. The Township Council conducts meetings on the first and third Tuesday of the month at which they enact ordinances and resolutions to hear open public comment. On the second and fourth Tuesday of each month, work sessions are held for Council to discuss pending actions and policies. All meetings are held in accordance with the State’s Open Public Meetings Act. Since 1995, all meetings of Council have been televised on the local television station.

The Township Manager is the Chief Executive Officer of the Township and is responsible for carrying-out the policies of the Township Council. The responsibilities of the Township Manager include being accountable for all employees, proposing the annual budget and coordinating all activities of all departments within the Township. Most of the Department Heads have professional and/or State Licenses in their respective field, which greatly contributes to the high quality of municipal management. The Township employs a full-time licensed Planner who advises the Administration, elected and appointed officials on development within the Township. The Township employs approximately two hundred sixty (260) full-time employees, and fourteen (14) part-time employees.

Labor Relations

The following is a summary of the labor organizations which represent various Township employees. We have included the various wage increases over the term of the contracts currently in effect.

<u>Union</u>	<u>Representing</u>	<u>Number of Employees</u>	<u>Date of Contract Expiration</u>
PBA	Patrol Officers	52	12/31/11
FOP	Superior Officers	22	12/31/11
SBSA	Administrative	13	12/31/11
AFSCME	Administrative	76	12/31/12
CWA	Library	22	12/31/12
PWEA	Public Works	63	12/31/12
FMBA	Dispatch/Fire	15	12/31/11

Employee Pensions

Eligible Township employees are enrolled in pension plans administered by the State of New Jersey. State law regulates the administration of the pension fund system. State law requires that all systems are subject to actuarial valuation every year and actuarial investigation every three years. Such valuations and investigations are designed to insure that these programs adequately recognize the additional costs resulting from experience or legislative changes in the benefits to be paid.

State law also provides that any changes in pension fund benefits must be approved by the Legislature, and that each bill submitted to the Legislature must be accompanied by a fiscal note stating the cost of the proposal. State law provides that pension fund benefits are not subject to negotiations between public employers and the employee members of the plan.

Township employees are also covered by the Federal Insurance Contribution Act (Social Security). The following table shows the Township's expenditures for pension costs:

	<u>2010</u>	<u>2009⁽¹⁾</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>State Pensions:</u>					
Township:	\$3,022,850	\$2,815,237	\$2,357,000	\$1,518,000	\$915,000
Water & Sewer:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total:	<u>\$3,022,850</u>	<u>\$2,815,237</u>	<u>\$2,357,000</u>	<u>\$1,518,000</u>	<u>\$915,000</u>
<u>Social Security:</u>					
Township:	\$1,550,000	\$1,700,000	\$1,700,000	\$1,570,000	\$1,113,000
Water & Sewer:	<u>\$251,000</u>	<u>\$270,000</u>	<u>\$270,000</u>	<u>\$280,000</u>	<u>\$260,000</u>
Total:	<u>\$1,801,000</u>	<u>\$1,970,000</u>	<u>\$1,970,000</u>	<u>\$1,850,000</u>	<u>\$1,373,000</u>

⁽¹⁾\$1,312,222 deferred to 2012

Insurance and Health Benefits

Liability Insurance

	2010	2009	2008	2007	2006
Current Budget	\$392,390.00	\$369,920.00	\$686,228.00	\$688,136.00	\$707,230.00
Water Budget	\$179,712.00	\$120,725.00	\$142,163.00	\$133,135.00	\$136,895.00
Sewer Budget	\$179,712.00	\$120,750.00	\$142,188.00	\$133,160.00	\$136,920.00
Library Budget	<u>\$113,220.00</u>	<u>\$113,220.00</u>	<u>\$113,220.00</u>	<u>\$106,025.00</u>	<u>\$119,520.00</u>
Total	<u>\$865,034.00</u>	<u>\$724,615.00</u>	<u>\$1,083,799.00</u>	<u>\$1,060,456.00</u>	<u>\$1,100,565.00</u>

Workers Comp

	2010	2009	2008	2007	2006
Current Budget	\$366,600.00	\$366,600.00	\$663,849.00	\$703,843.00	\$535,019.00
Water Budget	\$71,063.00	\$71,063.00	\$126,747.00	\$227,935.00	\$186,512.00
Sewer Budget	\$71,063.00	\$71,063.00	\$126,747.00	\$227,935.00	\$186,512.00
Library Budget	<u>\$16,045.00</u>	<u>\$16,045.00</u>	<u>\$16,045.00</u>	<u>\$16,044.00</u>	<u>\$10,500.00</u>
Total	<u>\$524,771.00</u>	<u>\$524,771.00</u>	<u>\$933,388.00</u>	<u>\$1,175,757.00</u>	<u>\$918,543.00</u>

Health Insurance

	2010	2009	2008	2007	2006
Current Budget	\$5,291,000.00	\$4,639,216.00	\$4,636,739.00	\$4,469,620.00	\$4,154,563.00
Water Budget	\$240,000.00	\$236,009.00	\$238,134.00	\$256,534.00	\$289,981.00
Sewer Budget	\$240,000.00	\$269,946.00	\$271,210.00	\$279,379.00	\$314,550.00
Library Budget	\$0	\$0	\$0	\$307,115.00	\$310,957.00
Code Enforcement	\$0	\$0	\$0	\$170,873.00	\$165,929.00
Court	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0.00</u>	<u>\$0.00</u>
Total	<u>\$5,771,000.00</u>	<u>\$5,146,083.00</u>	<u>\$5,483,521.00</u>	<u>\$5,235,980.00</u>	<u>\$4,779,597.00</u>

Police and Fire Protection

The Police Department consists of seventy four (74) full-time professional officers. Additional employees serve on a full-time and part-time basis as dispatchers, auxiliary officers, school crossing guards, and administrative and clerical support. The department uses a state of the art Police Information Management System, operated on the Township's computer network. The Township equips Police vehicles with Mobile Data Computers (MDC's) that give officers the latest in technology, efficiency, and safety and most police vehicles are equipped with in-car video systems. The department's MDT's are among the first in the State of New Jersey. The Township provides and services nine area law enforcement departments with MDC's through interlocal service agreements. These agreements help defray the Township's cost of the program.

Three (3) volunteer fire companies (within independent fire districts with separate taxing power) provide fire protection to the Township.

Water and Sewer Utility

The Township-owned Water and Sewer Utility provides potable water and sewerage service. The Utility pumps water from New Jersey's largest aquifer to storage facilities throughout the developed area of the Township. The Township has storage capacity for 10 million gallons representing two days average usage.

The Township also uses an interconnection with the Elizabethtown Water Company to supplement its water supply. The Township currently draws 3.7 million gallons a day from the Elizabethtown source. The Township's water supply is sufficient to meet all approved development through the year 2011. The Township also has four (4) emergency interconnections with three (3) neighboring utilities.

The Township is a member of the Stony Brook Regional Sewerage Authority ("Stony Brook") and a customer of the Middlesex County Utilities Authority (MCUA). All sanitary sewage is pumped by the Township to either the Stony Brook tertiary treatment facility or the MCUA secondary treatment facility. It is estimated that both facilities have sufficient capacity to the year 2011. No sewer moratoriums or bans are in effect in the Township.

The Township Water and Sewer Utility maintain a budget separate from the general Township operating fund, which is funded through water and sewer charges. Water and sewer rates are charged at levels sufficient to finance all operating costs and debt service for the current year to maintain the utility's self liquidating status. See "PROVISIONS OF THE PROTECTION OF GENERAL OBLIGATION DEBT – Debt Limits" above. The Township periodically reviews water and sewer rates to ensure a self liquidating status. The last increases in water and sewer rates went into effect in 2008. Water and sewer utility charges are billed quarterly.

Solid Waste Disposal

The Township is currently under contract with a private hauler for the disposal of the Township's solid waste. The Township expects overall costs to remain stable due to the high level of competition among the many private haulers in central New Jersey. The Township also has a highly successful recycling program that has been a model for other municipalities.

EDUCATION

The School District serving South Brunswick is an independent legal entity under the laws of New Jersey but is geographically coterminous with the Township. It provides a comprehensive program for students from kindergarten to grade 12.

Organization and Staffing

The District is managed from a central administrative complex which includes garage and maintenance facilities.

The Superintendent is the chief administrative officer of the School District. The building principals, Director of Curriculum and Instruction, and Director of Special Services are responsible to the Superintendent of Schools. The Board Secretary/Business Administrator oversees the School District's business functions and reports through the Superintendent to the Board of Education.

The business function includes purchasing, accounting and reporting which are integrated using automated business systems. It also includes the District's support services; food service, transportation, school maintenance and custodial operations.

There are approximately 1,195 full and part-time employees of the School District; 636 are teaching professionals. The balance is administrative, maintenance, transportation and clerical personnel.

Curriculum

The School District offers a wide range of courses in the traditional academic disciplines. From the beginning, education is directed toward the fullest development of the student. In the elementary level, the schools place the child in the learning environment which best meets the child's individual needs. In the Middle School, the students have the opportunity to begin high school level math and language skills. They also begin to select classes in music, art and the industrial arts.

The High School offers honors and advanced placement courses and also programs in academic areas which spread the normal curriculum over a longer span of time. Work-study programs are also available for students in office and industrial skills. Inter-scholastic competition is available in most sports. A special program offering career exploration, community service and intensive pursuit of an academic or cultural interest is available. This program is closely monitored and students are carefully selected.

A Department of Special Services is maintained for children with special needs, physical handicaps and learning disabilities. Most children are assigned to regular classes with extra help provided through resource room teachers or aides.

Approximately two thirds of the School District's graduates pursue additional education. Adult evening classes have recently been added to help meet the community's continuing educational needs.

Pupil Enrollments

The following tables present the historical annual pupil enrollment through the school year 2008-2009 and projection of future enrollment for the school year 2009 – 2010.

<u>School Year</u>	<u>Enrollment (As of August 15)</u>
2000-2001	7,460
2001-2002	7,906
2002-2003	8,151
2003-2004	8,320
2004-2005	8,570
2005-2006	8,791
2006-2007	8,790
2007-2008	8,848
2008-2009	9,010
2009-2010*	9,097

*Estimate

District School Facilities

The School District operates the following ten schools:

<u>Name of School</u>		<u>Pupil Capacity</u>
Brooks Crossing	K-5	853
Brunswick Acres	K-5	641
Cambridge	K-5	637
Constable	K-5	681
Green Brook	K-5	667
Indian Fields	K-5	824
Monmouth Junction	K-5	506
Crossroads North	6-8	1,100
Crossroads South	6-8	1,200
High School	9-12	<u>3,000</u>
Total		<u>10,109</u>

GENERAL AND DEMOGRAPHIC INFORMATION

Location & Transportation

The Township encompasses 41.7 square miles in the southern part of Middlesex County and is strategically located about 60 miles from New York City, 10 miles from Princeton and 60 miles from Philadelphia. The Township is within thirty minutes of Newark International Airport. LaGuardia, Kennedy International and Philadelphia airports are within ninety minutes.

AMTRAK and New Jersey Transit operate their commuter rail service, the Northeast Corridor, through South Brunswick Township. Access to commuter rail service facilities is located in nearby Princeton Junction and New Brunswick. Conrail serves as the freight line for the rail service.

The Township is serviced by a network of well-maintained state, county and local roads, including the New Jersey Turnpike, Route 1, Route 130, Route 27 and Route 522.

The location and transportation alternatives make the Township an ideal area for businesses and commuters.

Life Style and Recreation

The Township has a comfortable suburban environment, recreational and cultural opportunities and an outstanding school system. With its country living and easy access to all urban amenities, the Township achieves the best of both worlds. Space is available for growth that the Township has carefully planned so that it will not jeopardize the natural environment.

The Township offers outstanding recreational programs year-round through its Senior Citizen Center, Youth Center and Community Center. The Community Center is centrally located and contains lighted ball fields, tennis courts and handball courts. The scenic Delaware/Raritan Canal tow path offers opportunities for walking, jogging, hiking, canoeing and nature study. The Township maintains twenty-five parks covering over 1,016 acres.

<u>Name</u>	<u>Acreage</u>	<u>Name</u>	<u>Acreage</u>
Bedford Park	2.9	Kendall Woods Park	100.0
Beechwoods Park	90.0	Kingsley Park	6.9
College Park	7.0	Mapleton Preserve	100.0
Dayton Mini Park	0.5	Rowland Park	79.5
Dobin Park	41.2	Richler Park	49.0
Environmental Center	17.5	Sondek Park	110.7
Freedom Trail	4.5	Summerfield I	6.0
Friendship Park	31.5	Summerfield II	35.0
Haven Pond Park	36.0	Tall Timbers	23.2
Harvest Woods Park	77.5	Veterans Park	15.0
Heathcote Park	19.0	Wetherhill	3.5
Ireland Brook Park	3.0	Woodlot Park	156.6
Junction Springs Park	0.4	Total Acreage:	1,016.40

The Township library provides access to approximately 750,000 volumes through its county co-op system and offers movies, senior citizens and youth projects and special activities to residents. The Township's state of the art public library is open 7 days a week. Nearby Princeton and New Brunswick and the universities located there provide opportunities for attendance at concerts, theater, ballet and other cultural events.

Planning and Development

The Township's excellent geographic location and accessibility have encouraged tremendous growth, which the Township has assumed a prominent role in planning. This growth provides increased rates and economic opportunity. While the community has been successful in attracting valuable commercial and industrial rates, it has been equally successful in maintaining and developing high quality residential housing. An Industrial Commission, consisting of active business people and industrialists, works closely with the Township Planning Department in seeking both development and positive community relations. The Industrial Commission produced a fifteen (15) minute video about the

Township. The video is available to potential developers. The cost of the video is entirely underwritten by the private sector.

Industrial acreage is available in quantity in the Township. Most of the 8,000 acres zoned for industry are generous tracts, with excellent access to the major roads that traverse the Township.

Well-planned and managed growth has been the key to the Township's success. An approved Township Master Plan guides development and is strictly followed to preserve the quality of life. The Township closely scrutinizes proposed development applications to insure quality construction. The impacts on municipal services are evaluated fully before approvals for any new construction.

Residential Development

The following charts list the major residential projects that the Planning and Zoning Boards have approved, and those that are under construction as of December 31, 2009.

<u>Approved</u>	<u>Total Units</u>	<u>Single Family</u>	<u>Apartment</u>
PPSD Dev. (Millennium Homes)	190	190	-
Toll Brothers	349	349	-
Byron Hill (Heritage Village)	121	121	-
Windsor Associates	118	-	118
Fieldstone Associates	72	72	-
Sassman Michael	2	2	-
Sassman Michael	5	5	-

<u>Approvals</u>	<u>Total Units</u>	<u>Single Family</u>	<u>Apartment</u>
Joseph Kremer	4	4	-
Maple Town Associates	7	7	-
Warren Russell	3	3	-
Donna Underwood-Gess	2	2	-
Nicholas Kavadias	2	2	-
Colonial Homes	4	4	-
William Flemer's Sons Inc.	2	2	-
Palkiewicz	2	2	-
Edward Gunderson	3	3	-
Country Communities	22	22	-
M & M Investments	133	-	133
Baker Residential	170	-	170
Richard Spilatore	5	5	-
George & Joanne Olynyk	3	3	-
Santowasso Anthony	2	2	-
Dimitrakis Dimitrios	2	2	-

Building Permits

The following unaudited data shows the dollar value of construction as of December 31, 2009.

<u>Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total All Types</u>
2009	\$33,810,403	\$66,369,950	\$100,180,353

2008	40,940,510	86,176,570	127,117,080
2007	53,602,868	64,811,546	118,414,414
2006	34,177,617	94,058,981	128,236,598
2005	34,498,794	76,769,602	111,268,396
2004	26,306,158	80,721,815	107,027,973
2003	15,197,089	29,073,730	44,270,819
2002	28,444,271	32,262,739	60,707,010
2001	46,389,670	84,231,141	130,620,811

Population

The U.S. Census figures for the Township's population is shown below:

<u>Year</u>	<u>Population</u>	<u>Change</u>
2009*	41,257	9.3%
2000	37,734	22.8
1995	30,716	19.0
1990	25,798	50.6
1980	17,127	21.8
1970	14,058	36.8
1960	10,278	-

* Estimate from U.S. Census Bureau

Income

The 2000 U.S. Census figures for median family and per capita income is shown below:

	Median Family <u>Income</u>	Median Household <u>Income</u>	<u>Per Capita Income</u>
<i>Township of South Brunswick</i>	\$86,891	\$78,737	\$32,104
<i>Middlesex County</i>	70,749	61,446	26,535
<i>State of New Jersey</i>	65,370	55,146	27,006

Employment and Unemployment Comparisons¹

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 2005 to 2009, the New Jersey Department of Labor reported the following annual average employment information for the Township, Middlesex County and the State of New Jersey:

<i>South Brunswick</i>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Labor Force	23,587	23,408	23,323	23,347	22,966
Employment	21,923	22,530	22,663	22,594	22,230
Unemployment	1,664	878	660	753	736
Unemployment Rate	7.10%	3.80%	2.80%	3.20%	3.20%
<i>Middlesex County</i>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Labor Force	426,712	425,030	422,330	424,482	418,429
Employment	389,744	403,673	406,056	406,055	400,727
Unemployment	36,969	21,357	16,274	18,427	17,702
Unemployment Rate	8.70%	5.00%	3.90%	4.30%	4.20%
<i>State of New Jersey</i>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Labor Force	4,536,700	4,496,700	4,462,300	4,477,500	4,416,100
Employment	4,118,400	4,251,200	4,271,700	4,269,600	4,218,500
Unemployment	418,300	245,500	190,600	207,900	197,600
Unemployment Rate	9.20%	5.50%	4.30%	4.60%	4.50%

Employment

The Township's highly skilled work force has many employment choices. There are a significant number of residents that commute to the metropolitan areas of New York and Philadelphia, however there are major employment centers nearby. Virtually every field of employment, from the most highly skilled professional to office and retail, is afforded within a 30-45 minute commute from the Township. Within the Township, major opportunities in pharmaceuticals, healthcare, computer services and finance are provided by Dow Jones & Co., Wyeth-Ayerst, Bloomberg Financial – all of which employ more than 500 people.

¹ Source: New Jersey Department of Labor, Labor Planning and Analysis

Important to the above listing of largest employers are the scores of employment opportunities afforded by the office parks, warehousing, distribution and service industries that populate the Route 1 corridor and the Route 130/New Jersey Turnpike area.

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 results 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.

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

Ten Largest Taxpayers 2009¹

<u>Name of Taxpayer</u>	<u>Description of Property</u>	<u>Assessed Value</u>
Forsgate Industrial Complex ²	Light Industrial Park	\$142,954,300
Dow Jones & Co., Inc.	Printing and Offices	59,239,700
AMB Property Corporation	Warehouse	45,943,000
Dalew Research (Wyeth-Ayerst)	Lab Research and Offices	39,149,600
Allianz Life Ins Co of North America	Office Park	28,982,900
Royal Oaks Apartments, LLC	Apartments	33,121,000
Heller SBIP, LLC	Warehouse	42,256,800
Windsor South Ridge LLV	Apartments	29,072,700
CNJ Compant IV LLC	Warehouse	23,855,200
Eight Fifty Three – M, LLC	Warehouse	23,565,100
Total		<u>\$468,140,300</u>
Percentage of Net Valuation Taxable		12.072%

Assessed and True Values

<u>Year</u>	<u>Aggregate Assessed Valuation of Real Property</u>	<u>Ratio of Assessed of True Value of Real Property</u>	<u>Aggregate True Value of Real Property</u>
2010	\$3,867,894,000	46.46%	\$8,325,213,087
2009	3,927,857,200	47.22	8,318,206,692
2008	3,924,145,400	47.04	8,342,145,833
2007	3,922,934,100	48.53	8,083,523,800
2006	3,844,711,200	57.64	6,670,213,740

Classification of Ratables³

	<u>2010</u>		<u>2009</u>		<u>2008</u>	
	<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>	<u>Value</u>	<u>%</u>
Residential	2,362,994,700	61.09%	\$2,345,564,300	59.77%	\$2,309,240,500	58.85%
Industrial	983,555,200	25.43	1,031,629,200	26.29	1,041,160,300	26.53
Commercial	294,634,000	7.62	304,457,400	7.76	307,965,200	7.85
Vacant Land	112,477,300	2.91	134,221,800	3.42	150,909,900	3.85
Apartments	93,962,200	2.43	93,542,200	2.38	94,573,900	2.41
Regular Farm	15,500,500	0.40	15,712,000	0.40	15,611,700	0.40
Qualified Farm	<u>4,770,100</u>	<u>0.12</u>	<u>4,730,300</u>	<u>0.12</u>	<u>4,683,900</u>	<u>0.12</u>
Total	<u>3,867,894,000</u>	<u>100.00%</u>	<u>\$3,929,857,200</u>	<u>100.00%</u>	<u>\$3,924,145,400</u>	<u>100.00%</u>

¹ Source: Township Tax Assessor's Office

² Forsgate is a light industrial park with a long-term lease. The following are some of the companies in the Forsgate facility: Hyundai, ADP, Cosmair, Crate & Barrel, Herman Miller, Russ Berrie, Liz Claiborne.

³ Source: Township Tax Assessor's Office

Analysis of Tax Rates per \$100 of Assessed Valuation¹

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Apportionment of Tax Rate					
Municipal	\$0.720	\$0.67	\$0.625	\$0.625	\$0.575
Municipal Open Space	0.040	0.039	0.040	0.041	0.040
County	0.641	0.627	0.613	0.594	0.513
Local School	<u>2.680</u>	<u>2.605</u>	<u>2.605</u>	<u>2.560</u>	<u>2.441</u>
Total Tax Rate	<u>\$4.08</u>	<u>\$3.94</u>	<u>\$3.88</u>	<u>\$3.82</u>	<u>\$3.57</u>

Special Fire District Tax Rates

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
District #1	\$0.07	\$0.076	\$0.073	\$0.075	\$0.075
District #2	0.037	0.035	0.035	0.035	0.030
District #3	0.050	0.050	0.051	0.050	0.050

Comparisons of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections During Year of Levy</u>		<u>Delinquent Collections</u>
		<u>Collection Amount</u>	<u>% of Collection</u>	
2009	\$158,841,072	\$157,470,203	98.77%	\$ 1,527,330
2008	157,940,317	155,845,809	98.75	1,407,670
2007	155,601,419	153,784,184	98.83	1,283,324
2006	146,509,879	144,717,612	98.78	1,212,840
2005	131,529,880	128,950,914	98.04	907,664

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>
2009	\$196,777	\$1,495,226	\$1,692,003	1.07%
2008	114,785	1,883,919	\$1,998,704	1.27
2007	100,943	1,692,273	1,793,216	1.15
2006	86,568	1,463,070	1,549,638	1.06
2005	183,720	1,469,163	1,652,883	1.26

Water and Sewer Collections

¹ Source: Township Tax Collectors Office

<u>Year</u>	<u>Charges</u>	<u>Collected Year of Levy</u>	<u>Percentage Of Charges</u>
2009	\$19,402,556	\$19,913,167	102.63%
2008	20,226,445	19,679,587	97.30%
2007	17,098,798	16,664,134	97.46
2006	16,198,346	16,099,272	99.39
2005	15,503,788	15,446,814	99.63

Comparative Schedule of Fund Balances (Current Fund)

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget Of Succeeding Year</u>
2009	\$3,436,405	\$3,200,000
2008	7,494,000	6,862,236
2007	9,830,966	9,000,000
2006	10,536,000	8,500,000
2005	4,478,441	4,300,000

Water and Sewer Utility Operating Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget Of Succeeding Year</u>
2009	\$0	\$0
2008	0	0
2007	\$473,465	\$473,465
2006	2,274,376	2,000,000
2005	2,469,484	1,263,000

Open Space Trust Fund

The Township passed a referendum creating an Open Space Trust Fund in November of 1996. The fund is a dedicated trust fund for the acquisition of open space throughout the Township at a rate of \$0.04 of the Township's tax rate. Costs associated with designating open space purchases, including debt service on any bonds issued for open space acquisition, are payable from the fund. The Open Space Trust Fund was effective January of 1997. In November 2002 voters approved a 2 cent increase in the Open Space Trust Fund (1½ cents for acquisition and debt service and ½ cent for development). This increase was effective on January 1, 2003.

As of December 31, 2009, there was \$2,693,824 in the Open Space Trust Fund. Additionally, as of December 31, 2009, \$7,652,000 of debt is outstanding for Open Space purposes.

SUMMARY OF 2010 TOWNSHIP OF SOUTH BRUNSWICK BUDGET
(As Adopted August 24, 2010)
(Township Operations)

Revenues:

Fund Balance Anticipated	\$3,200,000
Miscellaneous Revenues	14,529,029
Delinquent Taxes	1,400,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>27,934,638</u>
	<u>\$47,063,667</u>

Appropriations:

General Municipal Appropriations Within "CAPS"	\$32,618,260
Operations Excluded from "CAPS"	5,482,507
Capital Improvements	280,000
Deferred Charges Excluded from "CAPS"	
Debt Service	6,584,900
Reserve for Uncollected Taxes	<u>2,098,000</u>
	<u>\$47,063,667</u>

SUMMARY OF 2010 TOWNSHIP OF SOUTH BRUNSWICK BUDGET
(As Adopted August 24, 2010)
(Water/ Sewer Utility Operations)

Revenues:

Fund Balance Anticipated	\$ 0
Rents	22,013,000
Miscellaneous Revenues	<u>1,834,000</u>
	<u>\$23,847,000</u>

Appropriations:

Operating	\$19,443,605
Debt Service	<u>4,403,395</u>
	<u>\$23,847,000</u>

DEBT INFORMATION
As of December 31, 2009

Debt Statement

Local District School Debt	<u>\$138,622,910</u>
Water and Sewer Utility Self-Liquidating Debt	
Serial Bonds Issued	36,804,000
Bond Anticipation Notes Issued	0
Authorized but not Issued	<u>7,852,750</u>
Total Self-Liquidating Debt	<u>44,656,750</u>
General Debt	
Serial Bonds Issued	64,632,000
Bond Anticipation Notes Issued	500,000
Serial Bonds and Notes Authorized but not Issued	<u>3,564,775</u>
Total General Debt	<u>68,696,775</u>
Total Gross Debt	<u>\$251,976,435</u>
Deductions - Allowed to Determine Net Debt for Borrowing Power Purposes:	
General Debt	\$1,735,000
Local District School Debt	138,622,910
Water and Sewer Self-Liquidating Debt	<u>9,567,089</u>
Total Deductions	\$149,924,999
Total Net Debt- December 31, 2009	<u>\$102,051,436</u>
Percentage of Net Debt of Equalized Valuation Basis	<u>1.22%</u>
Statutory Borrowing Power	
Average Equalized Valuation Basis for 2007, 2008, 2009	\$8,361,002,507
Permitted Debt Limitation (3.5% of \$8,361,002,507)	\$292,635,088
Statutory Net Debt	<u>\$102,051,436</u>
Remaining Borrowing Power – December 31, 2009	<u>\$190,583,652</u>

Overlapping Debt - December 31, 2009

<u>Overlapping Debt</u>	<u>Principal Amount</u>	<u>Township Share</u>	
		<u>Percent</u>	<u>Amount</u>
Middlesex County ¹	\$607,439,232	7.4969%	\$45,539,111.78
Middlesex County Utilities Authority ²	\$257,322,416	4.08%	\$10,498,754.57
Stony Brook Regional Sewerage Authority ³	\$23,188,458	37.87%	\$8,781,469.04
Total Overlapping Debt			<u>\$ 64,818,335.39</u>

Lease Commitments

The Township participates in the annual Middlesex County Improvement Authority's Capital Equipment Lease Program. The Authority issues county-guaranteed capital equipment lease revenue bonds to finance the Program. The Township's portion of the bonds/debt service issued by the Authority is as follows:

<u>Aggregate Lease Payments Due In</u>	<u>As of December 31, 2009</u>
2010	\$257,556
2011	123,274
2012	<u>32,463</u>
Total:	<u>\$413,293</u>

¹ Source: Middlesex County

² Source: Middlesex County Utilities Authority

³ Source: Stonybrook Regional Sewerage Authority

APPENDIX B

AUDITED FINANCIAL DATA AS OF DECEMBER 31, 2009

See independent auditors' report and accompanying notes to the basic financial statements

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

<u>REVENUE AND OTHER INCOME</u>	<u>REF.</u>	<u>YEAR 2009</u>	<u>YEAR 2008</u>
Fund Balance Utilized	A-2	\$ 6,862,236.00	\$ 9,000,000.00
Miscellaneous Revenues Anticipated	A-2	13,439,215.39	14,553,960.63
Receipts from Delinquent Taxes	A-2	1,587,886.93	1,547,768.08
Receipts from Current Taxes	A-2	156,896,858.52	155,845,809.07
Non-Budget Revenue	A-2	346,683.15	504,795.95
Other Credits to Income:			
Unexpend. Balances of Approp. Reserves	A-11	1,260,435.31	2,253,375.29
Accounts Payable Canceled	A-15	254,550.89	1,396.20
Cancellation of Various Reserves			16,861.37
Refund of Prior Year Expenditures	A-4	32,520.99	43,882.14
Interfund Loans Returned (Net)	A-5	5,488.80	5,253.40
		<hr/>	<hr/>
Total Revenues and Other income		180,685,875.98	183,773,102.13
		<hr/>	<hr/>
<u>EXPENDITURES</u>			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	21,985,252.45	20,371,280.78
Other Expenses	A-3	14,428,411.79	14,957,595.09
Capital Improvements	A-3	30,000.00	125,000.00
Municipal Debt Service	A-3	7,078,784.21	7,130,230.90
Def. Charges and Statutory Expend.	A-3	3,203,015.00	4,057,750.00
County Tax	A-18	22,159,331.32	21,481,049.23
County Open Space Taxes	A-18	2,513,195.78	2,520,476.24
Cty. Share of Added and Omitted Taxes	A-18	227,822.60	560,091.36
Local District School Tax	A-19	102,605,977.50	102,133,717.00
Special District Taxes	A-17	1,852,250.00	1,829,450.00
Municipal Open Space Taxes	A-4, A-6	1,568,064.12	1,568,064.12
Prior Yr. Sr. Cit. Ded. Disallowed	A-7	4,816.43	4,129.36
Refund of Prior Year Revenue	A-4	432.00	4,261.00
Prior Year Expenditures			15,539.00
Reserve For PY Tax Appeals	A, A-4	91,396.61	345,946.57
Interfunds Established	A	132,485.43	5,488.80
		<hr/>	<hr/>
Total Expenditures		177,881,235.24	177,110,069.45
		<hr/>	<hr/>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

Excess in Revenues		<u>2,804,640.74</u>	<u>6,663,032.68</u>
Statutory Excess to Fund Balance		2,804,640.74	6,663,032.68
<u>FUND BALANCE</u>			
Balance - January 1	A	\$ <u>7,494,000.09</u>	\$ <u>9,830,967.41</u>
		10,298,640.83	16,494,000.09
Decreased by:			
Utilization as Anticipated Revenue	A-2	<u>6,862,236.00</u>	<u>9,000,000.00</u>
Balance - December 31	A	\$ <u><u>3,436,404.83</u></u>	\$ <u><u>7,494,000.09</u></u>

See independent auditors' report and accompanying notes to the basic financial statements

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2009

		ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		2009 BUDGET	N.J.S.A. 40A:4-87		
Surplus Anticipated	A-1	\$ 6,862,236.00		\$ 6,862,236.00	
Total Surplus Anticipated		6,862,236.00		6,862,236.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	49,000.00		56,350.00	\$ 7,350.00
Other	A-10	40,000.00		46,502.00	6,502.00
Fees and Permits:					
Other	A-10	427,000.00		436,280.86	9,280.86
Fines and Costs:					
Municipal Court	A-10	810,000.00		637,449.28	(172,550.72)
Interest and Costs on Taxes	A-10	400,000.00		455,281.93	55,281.93
Interest on Investments and Deposits	A-2	646,000.00		233,462.90	(412,537.10)
Cable TV Franchise Fee	A-10	110,000.00		110,903.21	903.21
Energy Receipts Tax	A-10	5,988,855.00		5,988,855.00	
Suppl. Energy Receipts Tax	A-10	281,706.00		281,706.00	
Watershed Moratorium Offset Aid	A-10	987.00		987.00	
State Library Aid	A-10	40,000.00		34,970.00	(5,030.00)
Garden State Aid Trust Fund	A-10	37,324.00		40,126.51	2,802.51
Uniform Construction Code Fees	A-10	2,100,000.00		1,103,411.50	(996,588.50)
Rocky Hill Contract - Health	A-10	10,000.00		15,300.00	5,300.00
Fire District #1 Contract	A-10	41,520.00		45,667.80	4,147.80
Fire District #2 contract	A-10	115,635.00		157,573.06	41,938.06
Fire District #3 contract	A-10	30,000.00		49,171.34	19,171.34
Milltown Contract - Data Processing	A-10	9,000.00		12,000.00	3,000.00
Cranbury Contract - Data Processing	A-10	16,000.00		21,000.00	5,000.00
Helmetta Contract - Data Processing	A-10	3,000.00		6,000.00	3,000.00
Middlesex County College:					
Contract - Data Processing	A-10	6,000.00		35,750.00	29,750.00
Monroe Contract - Data Processing	A-10	32,400.00		36,000.00	3,600.00
Public and Private Revenues Offset with Approp:					
Middlesex County Recycling Grant	A-22	36,285.00		36,285.00	
New Jersey Transportation Trust Fund - Ridge Road	A-22	190,000.00		190,000.00	
NJ DEP - Recycling Tonnage Grant	A-22	80,000.00	\$ 70,415.17	150,415.17	
Clean Communities Program	A-22	62,782.28		62,782.28	
Detention Basins	A-22	18,900.00		18,900.00	
NJ Senior Transportation Grant	A-22	13,000.00		13,000.00	
Public Health Priority Funding	A-22	9,082.00		9,082.00	
Division of Highway Safety - Safe Corridor	A-22	48,000.00		48,000.00	
Middlesex County Cultural Heritage Grant	A-22	2,250.00		2,250.00	
Middlesex County Friendly Visitor Grant	A-22	6,000.00		6,000.00	
Mapleton Reserve	A-22	50,000.00		50,000.00	
Driving While Intoxicated Grant	A-22	9,791.60		9,791.60	
Recycling Tonnage Grant	A-22	7,589.26		7,589.26	
NJ Dept of Health & Senior Services - Hepatitis B	A-22	5,000.00	3,250.00	8,250.00	
NJ Primary Care Association - Search Program	A-22		450.00	450.00	
Division of Highway Safety - Over the Limit Under Arrest	A-22		6,000.00	6,000.00	
Division of Highway Safety - Click it or Tickit	A-22		4,000.00	4,000.00	
Division of Highway Safety - Speed Enforcement Grant	A-22		4,000.00	4,000.00	
NJ Dept of Agriculture - Gypsy Moth Aerial Suppression	A-22		888.98	888.98	
Bringing Opera to South Brunswick Grant	A-22		2,500.00	2,500.00	
NJ Department of Law & Safety - COPS in Shops	A-22		2,000.00	2,000.00	
Drunk Driving Enforcement Fund	A-22		10,174.78	10,174.78	
NJ Dept of Health & Senior Services - H1N1 virus grant	A-22		102,826.00	102,826.00	
US Department of Justice - Justice Assistance Grant	A-22		18,027.00	18,027.00	
NJ Transportation Trust Fund - Ridge Road	A-22		300,000.00	300,000.00	
NJ Board of Public Utilities - Energy Audit Program	A-22		17,752.50	17,752.50	

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2009

		ANTICIPATED		REALIZED	EXCESS OR (DEFICIT)
		2009 BUDGET	N.J.S.A. 40A:4-87		
Other Special items					
Uniform Fire Safety Act - Life Hazard					
Use Fees	A-10	\$ 220,000.00		\$ 220,243.56	\$ 243.56
Sale of Recycling Materials	A-10	12,000.00		48,176.40	36,176.40
Site Leasing - Antennae	A-10	140,000.00		167,369.39	27,369.39
PILOT - South Brunswick Community					
Development Corp.	A-10	30,000.00		27,584.26	(2,415.74)
Contribution from Library Board of Trustees	A-10	100,000.00		100,000.00	
PILOT - CIL Woods	A-10	5,000.00		11,008.76	6,008.76
PILOT- Oakwoods	A-10	35,000.00		34,551.57	(448.43)
PILOT - Buckingham Place	A-10	87,000.00		155,529.72	68,529.72
Utility Payments for SW Chargebacks	A-10	893,620.00		893,620.00	
Hotel/Motel Tax	A-10	800,000.00		745,418.77	(54,581.23)
Passport Grant Revenue	A-10	10,000.00		10,000.00	-
Reserve for Quasi Duty	A-5 , B-3	140,000.00		140,000.00	
Total Miscellaneous Revenues	A-1	<u>14,205,727.14</u>	<u>\$ 542,284.43</u>	<u>13,439,215.39</u>	<u>(1,308,796.18)</u>
Receipts from Delinquent Taxes	A-1 , A-2	<u>1,560,000.00</u>		<u>1,587,886.93</u>	<u>27,886.93</u>
Subtotal General Revenues		<u>22,627,963.14</u>	<u>542,284.43</u>	<u>21,889,338.32</u>	<u>(1,280,909.25)</u>
Amount to be Raised by Taxation for					
Support of Municipal Budget:					
Local Tax for Mun. Purposes	A-2 , A-6	<u>26,380,328.97</u>		<u>28,660,217.20</u>	<u>2,279,888.23</u>
Total Budget Revenues		49,008,292.11	542,284.43	50,549,555.52	998,978.98
Non-Budget Revenues	A-1			346,683.15	346,683.15
GRAND TOTALS	A-3	<u>\$ 49,008,292.11</u>	<u>\$ 542,284.43</u>	<u>\$ 50,896,238.67</u>	<u>\$ 1,345,662.13</u>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
CURRENT FUND
STATEMENT OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2009

	ANTICIPATED			EXCESS OR
	2009	N.J.S.A.		(DEFICIT)
	BUDGET	40A:4-87	REALIZED	
<u>ANALYSIS OF REALIZED REVENUES</u>				
	REF.			
Receipts from Delinquent Taxes:				
Delinquent Tax Collections	A-6		\$ 1,587,886.93	
	A-1 , A-2		\$ 1,587,886.93	
Allocation of Current Tax Collections:				
FY 2009 Cash Collections	A-6		\$ 156,092,551.22	
Prepaid Taxes Applied	A-6		583,307.30	
State Share for Senior Citizen and Veteran Deductions	A-6		221,000.00	
	A-1		156,896,858.52	
Allocated to:				
School, County, Open Space and Special District Taxes	A-6		130,926,641.32	
			25,970,217.20	
Add: Reserve For Uncollected Taxes	A-3		2,690,000.00	
	A-2		\$ 28,660,217.20	
<u>Analysis of Miscellaneous Revenue Anticipated</u>				
Revenue Accounts Receivable	A-4 , A-10		\$ 12,116,055.01	
State and Federal Grants receivable	A-22		1,080,964.57	
Due from General Capital	C-12		102,084.96	
Due from Animal Control Trust Fund	A-5 , B-5		110.85	
Due from Other Trust Fund	A-5 , B-3		140,000.00	
	A-2		\$ 13,439,215.39	
<u>Analysis of Interest Earned on Investments</u>				
Due from General Capital Fund	C-12		\$ 102,084.96	
Due from Animal Control Fund	B-5		110.85	
Cash Receipts	A-10		131,267.09	
	A-2		\$ 233,462.90	
<u>Analysis of MRNA</u>				
Cash Receipts	A-4		\$ 346,683.15	

See independent auditors' report and accompanying notes to the basic financial statements

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAPS"						
Township Council						
Salaries and Wages	\$ 41,291.64	\$ 41,291.64	\$ 40,920.68		\$ 370.96	
Other Expenses	16,735.00	16,735.00	11,948.63	\$ 2,430.95	2,355.42	
Township Manager						
Salaries and Wages	427,367.15	433,367.15	431,214.45		2,152.70	
Other Expenses	154,690.00	154,690.00	134,907.51	12,390.10	7,392.39	
Township Clerk						
Salaries and Wages	206,685.71	204,485.71	199,197.78		5,287.93	
Other Expenses	33,710.00	33,710.00	22,690.91	1,213.31	9,805.78	
Elections						
Salaries and Wages	1,700.00	3,900.00	3,446.93		453.07	
Other Expenses	16,900.00	16,900.00	13,506.23		3,393.77	
CATV Advisory Commission (N.J.S.A. 48A:56A-26)						
Salaries and Wages	36,945.93	20,945.93	11,373.77		9,572.16	
Other Expenses	4,400.00	4,400.00	990.00		3,410.00	
Financial Administration						
Salaries and Wages	444,735.25	444,735.25	434,556.71		10,178.54	
Other Expenses	7,765.00	7,765.00	1,864.96	189.00	5,711.04	
Purchasing						
Salaries and Wages	159,714.01	159,714.01	155,492.94		4,221.07	
Other Expenses	92,195.00	92,195.00	54,090.36	22,522.57	15,582.07	
Data Processing Center						
Salaries and Wages	402,005.91	402,005.91	397,223.94		4,781.97	
Other Expenses	152,230.00	152,230.00	106,316.05	26,899.56	19,014.39	
Collection of Taxes						
Salaries and Wages	322,499.84	322,499.84	310,534.50		11,965.34	
Other Expenses	6,615.00	6,615.00	2,346.81	918.71	3,349.48	
Annual Audit						
Other Expenses	20,000.00	20,000.00			20,000.00	
Assessment of Taxes						
Salaries and Wages	291,050.52	281,050.52	266,950.51		14,100.01	
Other Expenses	221,345.00	221,345.00	69,911.04	36,430.08	115,003.88	
Engineering						
Other Expenses	31,250.00	31,250.00	31,198.00		52.00	
Legal Service and Costs						
Salaries and Wages	216,273.18	173,273.18	160,945.83		12,327.35	
Other Expenses	145,860.00	145,860.00	94,192.30	21,207.29	30,460.41	
Womens Advisory Task Force						
Other Expenses	5,000.00	5,000.00	5,000.00			

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAPS"						
Municipal Land Use Law (N.J.S.A. 40:55D-1)						
Board of Adjustments						
Salaries and Wages	\$ 12,000.00	\$ 12,000.00	\$ 3,363.85		\$ 8,636.15	
Other Expenses	17,675.00	17,675.00	8,041.29	\$ 625.00	9,008.71	
Community Development						
Salaries and Wages	248,897.08	280,397.08	264,655.84		15,741.24	
Other Expenses	16,000.00	15,500.00	1,434.54	7,543.02	6,522.44	
Industrial Commission (N.J.S.A. 40A:55-56A-5)						
Salaries and Wages	700.00	1,200.00	914.34		285.66	
Other Expenses	3,000.00	3,000.00	1,575.00		1,425.00	
Environmental Commission (N.J.S.A. 40:56A-10)						
Salaries and Wages	750.00	1,250.00	918.75		331.25	
Other Expenses	750.00	750.00	690.00		60.00	
Transportation Advisory Committee						
Salaries and Wages	300.00	300.00	500.00		300.00	
Other Expenses						
Public Building and Grounds						
Salaries and Wages	317,758.23	317,758.23	316,370.84		1,387.39	
Other Expenses	145,848.00	145,848.00	128,748.43	16,894.86	204.71	
Maintenance of Parks						
Salaries and Wages	667,589.46	713,589.46	708,460.10		5,129.36	
Other Expenses	110,048.00	110,048.00	91,148.35	18,003.25	896.40	
Shade Tree						
Salaries and Wages	500.00	500.00	360.00		140.00	
Other Expenses	6,100.00	6,100.00	908.65		5,191.35	
Streets and Roads Maintenance						
Salaries and Wages	1,668,590.72	1,643,590.72	1,580,474.70		63,116.02	
Other Expenses	123,930.00	123,930.00	100,349.98	22,640.64	939.38	
Snow Removal						
Salaries and Wages	300,000.00	300,000.00	300,000.00			
Other Expenses	115,000.00	115,000.00	115,000.00			
Vehicle Maintenance						
Salaries and Wages	431,141.56	431,141.56	428,462.10		2,679.46	
Other Expenses	158,875.00	158,875.00	103,759.73	47,935.20	7,180.07	
Recycling						
Salaries and Wages	132,455.17	132,455.17	119,000.56		13,454.61	
Other Expenses	11,610.00	11,610.00	10,337.94	849.88	422.18	
Transit - Other Public Works Functions						
Salaries and Wages	267,538.35	292,538.35	291,061.98		1,476.37	
Other Expenses	2,500.00	2,500.00	260.13		2,239.87	

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAPS"						
Aid to Volunteer Ambulance Companies						
Other Expenses	\$ 135,000.00	\$ 135,000.00	\$ 135,000.00			
EMS Commission OE						
Other Expenses	1,000.00	1,000.00			\$ 1,000.00	
Public Safety						
Fire Prevention Service						
Salaries and Wages	484,701.75	446,701.75	442,638.12		4,063.63	
Other Expenses	14,759.00	14,759.00	13,993.64	\$ 109.25	656.11	
Police						
Salaries and Wages						
Regular Police	8,778,186.53	8,765,686.53	8,658,700.11		106,986.42	
School Crossing Guards	125,000.00	137,500.00	134,454.76		3,045.24	
Other Expenses						
Regular Police	226,215.00	226,215.00	123,622.47	83,824.89	18,767.64	
School Crossing Guards	6,244.00	6,244.00		1,647.20	4,596.80	
Police Dispatch/911						
Salaries and Wages	780,645.23	771,145.23	728,192.77		42,952.46	
Other Expenses	17,103.00	17,103.00	12,604.46	2,142.89	2,355.65	
Emergency Management Services						
Salaries and Wages	4,286.00	13,786.00	12,743.22		1,042.78	
Other Expenses	9,281.00	9,281.00	2,581.12	3,288.30	3,411.58	
Municipal Prosecutor						
Salaries and Wages	47,000.00	47,000.00	29,166.70	5,833.30	12,000.00	
Health and Welfare						
Board of Health						
Salaries and Wages	405,363.83	405,363.83	368,457.67		36,906.16	
Other Expenses	39,040.00	39,040.00	21,385.82	1,639.68	16,014.50	
Animal Control Regulation						
Salaries and Wages	87,871.00	87,871.00	82,574.33		5,296.67	
Other Expenses	23,200.00	23,200.00	17,200.25	330.00	5,669.75	
Recreation Services and Programs						
Salaries and Wages	633,630.18	633,630.18	621,576.06		12,054.12	
Other Expenses	155,770.00	155,770.00	86,860.27	46,163.91	22,745.82	
Senior Services						
Salaries and Wages	481,751.78	432,751.78	403,592.44		29,159.34	
Other Expenses	53,970.00	53,970.00	48,582.94	1,230.09	4,156.97	
Public Assistance						
Salaries and Wages	96,597.12	96,597.12	87,329.09		9,268.03	
Other Expenses	1,800.00	1,800.00	203.49	146.64	1,449.87	
Celebration of Public Events						
Other Expenses	10,000.00	10,000.00	10,000.00			

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
OPERATIONS WITHIN "CAPS"						
Solid Waste Collection						
Other Expenses	\$ 1,982,885.00	\$ 1,982,885.00	\$ 1,580,603.82	\$ 387,649.10	\$ 14,632.08	
Landfill/Solid Waste Disposal Costs						
Other Expenses	1,014,000.00	1,014,000.00	757,716.16	138,778.70	117,505.14	
Condominium Services Act						
Other Expenses	149,000.00	149,000.00	117,571.73		31,428.27	
Municipal Court						
Salaries and Wages	376,981.70	376,981.70	374,672.78		2,308.92	
Other Expenses	21,080.00	17,180.00	13,346.37	594.50	3,239.13	
Public Defender						
Salaries and Wages	22,500.00	26,400.00	17,233.36	9,166.64		
Insurance						
Group Insurance	4,639,216.00	4,639,216.00	3,899,172.27	680,775.66	59,268.07	
General Liability	369,920.00	369,920.00	292,537.83	11,085.28	66,296.89	
Unemployment	5,000.00	5,000.00	5,000.00			
Workers Compensation	366,600.00	366,600.00	366,600.00			
DCRP	500.00	500.00			500.00	
Construction Official						
Salaries and Wages	963,989.54	963,989.54	863,768.92		100,220.62	
Other Expenses	23,000.00	23,000.00	8,152.89	144.50	14,702.61	
Rent Leveling Board						
Salaries and Wages	3,500.00	4,000.00	3,842.98		157.02	
Other Expenses			(400.00)	400.00		
Salary Adjustment						
Salaries and Wages	15,000.00					
Accumulated Leave						
Salaries and Wages	100,000.00	100,000.00	100,000.00			
Utilities						
Electricity	635,000.00	635,000.00	534,847.07	54,849.99	45,302.94	
Street Lighting	506,000.00	506,000.00	447,941.78	49,591.10	8,467.12	
Telephone	150,000.00	150,000.00	127,882.27	11,886.54	10,231.19	
Water	33,400.00	33,400.00	10,965.36	9,047.46	13,387.18	
Sewerage Disposal	10,000.00	10,000.00	5,850.64	2,587.85	1,561.51	
Gas	5,625.00	5,625.00	857.09		4,767.91	
Fuel Oil	148,000.00	148,000.00	70,374.67	14,457.63	63,167.70	
Gasoline	225,000.00	225,000.00	141,999.93	14,388.35	68,611.72	
Fire Hydrant	36,000.00	36,000.00	26,688.78	7,199.00	2,112.22	
Total Operations Within "CAPS"	32,639,133.37	32,553,133.37	29,346,304.37	1,777,651.87	1,429,177.13	-
DETAIL:						
Salaries and Wages	20,005,494.37	19,923,394.37	19,354,844.41	14,999.94	553,550.02	-
Other Expenses	12,633,639.00	12,629,739.00	9,991,459.96	1,762,651.93	875,627.11	-

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures:						
Contribution to:						
Public Employee's Retirement System	\$ 622,005.00	\$ 622,005.00	\$ 622,004.50		\$ 0.50	
Social Security System (O.A.S.L.)	1,700,000.00	1,700,000.00	1,629,580.06		70,419.94	
Police and Firemen's Retirement System of NJ	881,010.00	881,010.00	881,010.00			
Total Deferred Charges and Statutory Expenditures	3,203,015.00	3,203,015.00	3,132,594.56	-	70,420.44	-
Municipal Within "CAPS"						
Total General Appropriations for Municipal	35,842,148.37	35,756,148.37	32,478,898.93	\$ 1,777,651.87	1,499,597.57	-
Purposes Within "CAPS"						
Operations Excluded from "CAPS"						
OTHER OPERATIONS EXCLUDED FROM "CAPS"						
Maintenance of Free Public Library						
Salaries and Wages	1,620,000.00	1,668,000.00	1,654,678.03		13,321.97	
Other Expenses	759,810.00	759,810.00	559,820.34	193,697.06	6,292.60	
Affordable Housing						
Salaries and Wages	100.00	100.00			100.00	
Other Expenses	100.00	100.00	16.14		83.86	
Length of Service Award Program (LOSAP)						
Other Expenses	50,000.00	50,000.00	21,736.00		28,264.00	
Interlocal Municipal Services Agreement						
Salaries and Wages						
Fire Services	187,156.30	225,156.30	222,112.33		3,043.97	
Board of Health - Rocky Hill	10,000.00	10,000.00	10,000.00			
Data Processing	66,400.00	66,400.00	66,400.00			
Total Other Operations Excluded from "CAPS"	2,693,566.30	2,779,566.30	2,534,762.84	193,697.06	51,106.40	-

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
OTHER OPERATIONS EXCLUDED FROM "CAPS"						
STATE AND FEDERAL PROGRAMS OFFSET BY REVENUES						
Ed Byrne Memorial Jag		\$ 18,027.00	\$ 18,027.00			
Seat Belt Grant						
Salaries & Wages		4,000.00	4,000.00			
Obey Signs/Pay Fines						
Salaries & Wages		4,000.00	4,000.00			
Cops in Schools						
Salaries & Wages		2,000.00	2,000.00			
Over the Limit & Under arrest Grant						
Salaries & Wages		6,000.00	6,000.00			
DWI Grant						
Salaries & Wages		10,174.78	10,174.78			
Highway Safety						
Salaries & Wages	\$ 48,000.00	48,000.00	48,000.00			
Gypsy Moth						
Other Expenses		888.98	888.98			
Search Grant						
Other Expenses		450.00	450.00			
Hepatitis B Inoculations for Emergency Grant						
Other Expenses		3,250.00	3,250.00			
Music & Theater						
Other Expenses		2,500.00	2,500.00			
H1N1 Flu						
Other Expenses		102,826.00	102,826.00			
New Jersey Transportation Trust Fund Authority Act						
2010 Municipal Aid Program - Ridge Road Bikeway						
Other Expenses	190,000.00	490,000.00	490,000.00			
Local Government Energy Audit Program Grant						
Other Expenses		17,752.50	17,752.50			
Senior Transportation Grant						
Other Expenses	13,000.00	13,000.00	13,000.00			
Middlesex County Friendly Visiting Grant						
Other Expenses	6,000.00	6,000.00	6,000.00			
Garbage and Trash- County Grant						
Other Expenses	36,285.00	36,285.00	36,285.00			
Clean Communities Grant						
Other Expenses	62,782.28	62,782.28	62,782.28			
Detention Basin						
Other Expenses	18,900.00	18,900.00	18,900.00			

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
OTHER OPERATIONS EXCLUDED FROM "CAPS"						
Public Health Priority Funding						
Other Expenses	\$ 9,082.00	\$ 9,082.00	\$ 9,082.00			
Middlesex County Open space - Mapleton Preserve						
Other Expenses	50,000.00	50,000.00	50,000.00			
Middlesex County Cultural Heritage Grant						
Other Expenses	2,250.00	2,250.00	2,250.00			
DWI Grant						
Other Expenses	9,791.60	9,791.60	9,791.60			
Heppatitis B						
Other Expenses	5,000.00	5,000.00	5,000.00			
Recycling Tonnage Grant						
Other Expenses	80,000.00	150,415.17	150,415.17			
Recycling Tonnage Grant						
Other Expenses	7,589.26	7,589.26	7,589.26			
Total Public and Private Revenues Offset by Revenues	538,680.14	1,080,964.57	1,080,964.57	-	-	-
Total Operations Excluded from "CAPS"	3,232,246.44	3,860,530.87	3,615,727.41	\$ 193,697.06	\$ 51,106.40	-
DETAIL:						
Salaries and Wages	1,931,656.30	2,061,858.08	2,045,392.14	-	16,465.94	-
Other Expenses	1,300,590.14	1,798,672.79	1,570,335.27	193,697.06	34,640.46	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"						
Capital Improvement Fund	30,000.00	30,000.00	30,000.00			
Total Capital Improv. - Excl. from "CAPS"	30,000.00	30,000.00	30,000.00	-	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"						
Payment of Bond Principal	4,115,282.00	4,115,282.00	4,105,550.25			\$ 9,731.75
Interest on Bonds	2,085,997.30	2,085,997.30	2,085,997.27			0.03
Payment of Bond Anticipation Notes and Capital Notes	550,000.00	550,000.00	550,000.00			
Interest on Notes	21,000.00	21,000.00	20,941.66			58.34
Green Trust Prin. & Interest	5,000.00	5,000.00	445.50			4,554.50
Capital Lease Obligation - Principal	411,679.86	411,679.86	306,117.78			105,562.08
Capital Lease Obligation Approved Prior to 7/12/07 Interest	9,731.75	9,731.75	9,731.75			
Capital Lease Obligation Approved After to 7/12/07 Interest	15,206.39	15,206.39	-			15,206.39
Total Mun. Debt Service - Excl. from "CAPS"	7,213,897.30	7,213,897.30	7,078,784.21	-	-	135,113.09

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
STATEMENT OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED	UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 10,476,143.74	\$ 11,104,428.17	\$ 10,724,511.62	\$ 193,697.06	\$ 51,106.40
Subtotal General Appropriations	46,318,292.11	46,860,576.54	43,203,410.55	1,971,348.93	1,550,703.97
Reserve for Uncollected Taxes	2,690,000.00	2,690,000.00	2,690,000.00		
Total General Appropriations	\$ 49,008,292.11	\$ 49,550,576.54	\$ 45,893,410.55	\$ 1,971,348.93	\$ 1,550,703.97
Ref	Below	Below	Below	A, A-21	A
Adopted Budget		\$ 49,008,292.11			
Approp. By N.J.S.A. 40A:4-87		542,284.43			
	Above	\$ 49,550,576.54			
Disbursed			\$ 42,478,312.59		
Cash Receipt of Refunds			(355,866.61)		
			42,122,445.98		
Reserve for Uncollected Taxes			2,690,000.00		
Reserve for State and Federal Grants Appropriated			1,080,964.57		
			\$ 45,893,410.55		

See independent auditors' report and accompanying notes to the basic financial statements

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

TRUST FUNDS

COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

ASSETS	REF.	BALANCE DEC. 31, 2009	BALANCE DEC. 31, 2008	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2009	BALANCE DEC. 31, 2008
Assessment Fund:				Assessment Fund:			
Deferred Assessment Receivable	B-2	\$ 2,151.21	\$ 2,151.21	Res. For Assessments and Liens Receivable	B-2	\$ 2,151.21	\$ 2,151.21
Total Assessment Fund		2,151.21	2,151.21	Total Assessment Fund		2,151.21	2,151.21
Animal Control Fund:				Animal Control Fund:			
Cash and Investments - Treasurer	B-1	8,793.16	24,330.40	Interfund Payable	B-5		5,488.80
				Due to State of New Jersey	B-6	79.20	97.20
				Reserve for Encumbrances	B-9	1,902.60	2,090.20
				Reserve for Animal Control	B-9	6,811.36	16,654.20
Total Animal Control Fund		8,793.16	24,330.40	Total Animal Control Fund		8,793.16	24,330.40
Other Trust Fund				Other Trust Fund			
Cash and Investments - Treasurer	B-1	24,078,157.23	26,019,439.85	Interfund Payable	B-3	225,000.00	100,000.00
Other Accounts Receivable	B-12		2,900.00	Due to the County Of Middlesex	B-11	463,112.00	
Due from the State of New Jersey	B-4	29,319.70	21,166.54	Reserve for:			
Investments in LOSAP	B	428,505.54	326,695.01	Open Space	B-11	2,761,951.30	3,171,424.86
				Other Reserves	B-10	20,657,413.63	22,772,081.53
				Investment in LOSAP	B	428,505.54	326,695.01
Total Other Trust Fund		24,535,982.47	26,370,201.40	Total Other Trust Fund		24,535,982.47	26,370,201.40
Community Development Block Grant Fund:				Community Development Block Grant Fund:			
Accts. Receivable - Community Development Block Grant	B-7	109,018.14	71,424.32	Reserve for Program Expenditures	B-8	109,018.14	71,424.32
Total Community Development Block Grant Fund		109,018.14	71,424.32	Total Community Development Block Grant Fund		109,018.14	71,424.32
		\$ 24,655,944.98	\$ 26,468,107.33			\$ 24,655,944.98	\$ 26,468,107.33

See independent auditors' report and accompanying notes to the basic financial statements

TOWNSHIP OF SOUTH BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

		December 31,	
	Ref	2009	2008
Assets			
Cash and investments - Treasurer	C-2, C-3	\$ 16,239,867.40	\$ 19,535,173.84
Grants receivable - State of New Jersey	C-10	418,050.00	618,050.00
Grants receivable - County Government	C-11		1,000,000.00
Due from Other Trust Fund	C-13	225,000.00	100,000.00
Due from Current Fund	C-12	200,000.00	46,915.96
Deferred Charges to Future Taxation			
Funded	C-4	64,632,000.00	69,712,000.00
Unfunded	C-5	4,482,829.85	3,477,829.85
		<u>\$ 86,197,747.25</u>	<u>\$ 94,489,969.65</u>
Liabilities, reserves and fund balance			
General serial bonds payable	C-14	\$ 64,632,000.00	\$ 69,712,000.00
Bonds anticipation notes	C-15	500,000.00	1,050,000.00
Reserve for encumbrances	C-16	2,902,886.19	2,345,561.20
Improvement authorizations:			
Funded	C-6	11,931,251.36	16,213,218.39
Unfunded	C-6	3,473,453.65	760,447.45
Capital Improvement Fund	C-8	49,726.58	39,726.58
Accrued interest on bonds	C-7	12,104.16	12,104.16
Reserve for contributions	C-9	1,376,773.49	1,886,644.35
Reserve for preliminary Costs	C-3	10,000.00	10,000.00
Reserve for grant receivable - county	C-11		1,000,000.00
Reserve for grant receivables - federal and state	C-10	418,050.00	618,050.00
Fund balance	C-1	891,501.82	842,217.52
		<u>\$ 86,197,747.25</u>	<u>\$ 94,489,969.65</u>

There were Bonds and Notes Authorized but Not Issued at December 31, 2009 and 2008 in the amounts of \$3,564,779.85 and \$809,779.85, respectively. See Exhibit C-17.

See independent auditors' report and accompanying notes to the basic financial statements

TOWNSHIP OF SOUTH BRUNSWICK
COUNTY OF MIDDLESEX, NEW JERSEY

GENERAL CAPITAL FUND
STATEMENT OF CHANGE IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Ref.</u>	
Balance, December 31, 2008	C	\$ 842,217.52
Increased By:		
Cancellation of Improvement Authorizations	C-6	<u>49,284.30</u>
Balance, December 31, 2009	C	<u>\$ 891,501.82</u>

See independent auditors' report and accompanying notes to the basic financial statements

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
WATER AND SEWER UTILITY FUNDS
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2009 AND 2008**

	Reference	2009	2008		Reference	2009	2008
Assets				Liabilities, reserves and fund balance			
Operating Fund:				Operating Fund:			
Cash and investments	D-6	\$ 1,608,139.86	\$ 1,219,503.45	Appropriation reserves	D-5, D-13	\$ 417,451.63	\$ 885,236.66
Cash - change fund	D	600.00	600.00	Reserve for encumbrances	D-5, D-13	1,443,102.66	594,190.54
				Accounts payable	D-11	17,871.41	80,831.05
Receivables with offsetting reserves:				Accrued interest on bonds, notes and loans	D-12	488,426.01	511,244.53
Consumer accts. Receivable	D-10	1,032,286.21	1,542,897.05	Various reserves	D-14	2,366,851.71	40,270.00
						2,111,772.78	
Deferred Charges:				Reserve for receivables	Reserve	1,032,286.21	1,542,897.05
Deficit in Operations - 2009	D-1, D-32	727,012.98					
Deficit in Operations - 2008	D-32	2,175.00	891,669.33				
Overexpenditure of Appropriation	D-5, D-32	28,923.87	-				
D-32		758,111.85	891,669.33				
Total Operating Fund		3,399,137.92	3,654,669.83	Total Operating Fund		3,399,137.92	3,654,669.83
Assessment Trust Fund:				Assessment Trust Fund:			
Cash	D-6, D-15	97,590.85	205,590.85	Reserve for assessments	D-19	8,142,469.01	8,142,469.01
Deferred assessments receivable	D-17	119,469.01	119,469.01	Reserve for contributions to Fresh Ponds Water Line	D-15		108,000.00
Prospective assessments funded	D-18	8,023,000.00	8,023,000.00	Fund balance	D-2	97,590.85	97,590.85
Total Assessment Trust Fund		8,240,059.86	8,348,059.86	Total Assessment Trust Fund		8,240,059.86	8,348,059.86
Capital Fund:				Capital Fund:			
Cash and investments	D-6, D-7	2,136,769.20	7,388,508.58	Serial bonds payable	D-22	36,804,000.00	39,555,000.00
Fixed capital	D-20	82,082,691.00	69,022,191.00	Bond anticipation note	D-31		3,000,000.00
Fixed capital - authorized and uncompleted	D-21	20,656,950.00	31,717,450.00	Improvement authorizations:			
Prospective assessments funded	D-29	103,000.00	103,000.00	Funded	D-23	3,232,002.96	4,749,106.37
Total Capital Fund		104,979,410.20	108,231,149.58	Unfunded	D-23	5,250,378.69	3,505,187.96
Total assets		\$ 116,618,607.98	\$ 120,233,879.27	Capital improvement fund	D-27	21,109.68	121,109.68
				Reserves for:			
				Encumbrances	D-16	747,797.92	1,344,443.22
				Preliminary engineering costs	D-28	3,450.00	3,450.00
				Prospective assessments funded	D-29	103,000.00	103,000.00
				Contribution in aid of construction	D-24		585,263.95
				Debt service	D-30	719,263.95	
				Amortization	D-25	56,715,391.00	53,038,491.00
				Deferred Amortization	D-26	1,367,500.00	2,193,400.00
				Fund balance	D-3	15,516.00	32,697.40
				Total Capital Fund		104,979,410.20	108,231,149.58
				Total liabilities, reserves and fund balance		\$ 116,618,607.98	\$ 120,233,879.27

There were Water and Sewer Utility Bonds and Notes Authorized but not Issued at December 31, 2009 and 2008 in the amounts of \$7,852,750 and \$5,952,750, respectively. See D-32.

See independent auditors' report and accompanying notes to the basic financial statements

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**

**WATER AND SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

		Year ended December 31	
		2009	2008
Revenue and other income:			
Fund balance utilized			\$ 473,465.73
Rents	D-4	\$ 19,913,166.74	19,679,587.20
Refund from MCUA			15,645.00
Interest on investments	D-4	26,740.96	114,611.20
Water and sewer connection fees and charges	D-4	1,838,746.93	865,031.00
Miscellaneous	D-4	74,069.61	132,464.44
Capital Surplus	D-4	32,000.00	26,000.00
Reserve for Debt Service			169,751.00
Other credits to income:			
Cancellation of Various Reserves	D-14	14,270.00	4,851.70
Cancellation of Prior Year Accounts Payable	D-11	62,959.64	
Unexpended balance of appropriation reserves			
Lapsed and reserve for encumb. canceled	D-13	657,071.25	287,295.80
Total revenues and other income		22,619,025.13	21,768,703.07
Expenditures:			
Budget and emergency appropriations:			
Operations	D-5	17,844,203.43	17,910,726.10
Debt service	D-5	4,359,440.77	4,119,580.54
Deferred charges and statutory expenditures	D-5	1,161,495.00	415,201.76
Refund of Prior Year Revenue	D-6	9,822.78	214,864.00
Total expenditures		23,374,961.98	22,660,372.40
(Deficit) in revenues under appropriations		(755,936.85)	(891,669.33)
Adjustments to Income before Fund Balance:			
Expenditures included above which are by Statute	D, D-5,		
Deferred Charges to Budget of Succeeding Year	D-32	28,923.87	
Operating Deficit		(727,012.98)	(891,669.33)
Operating Deficit to be Raised in Budget of Succeeding Year	D, D-32	727,012.98	891,669.33
Balance - January 1	D	-	473,465.73
		-	473,465.73
Decreased by:			
Utilized as anticipated revenue	D-1	-	473,465.73
Balance - December 31	D	\$ -	\$ -

See independent auditors' report and accompanying notes to the basic financial statements

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**

**WATER AND SEWER UTILITY ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2009 and 2008	D	<u>\$ 97,590.85</u>

See independent auditors' report and accompanying notes to the basic financial statements

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**

**WATER AND SEWER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Ref.</u>	
Balance - December 31, 2008	D	\$ 32,697.40
Increased by:		
Cancellation of Improvement Authorizations	D-23	<u>14,818.60</u>
		47,516.00
Decreased By:		
Appropriated to 2009 Budget Revenue	D-1 , D-4	<u>32,000.00</u>
Balance - December 31, 2009	D	<u>\$ 15,516.00</u>

See independent auditors' report and accompanying notes to the basic financial statements

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Ref.	Anticipated		Excess or (Deficit)
		2009 Budget	Realized	
Water/sewer rents	D-1 , D-10	\$ 21,531,294.40	\$ 19,913,166.74	\$ (1,618,127.66)
Interest on investments	D-1, Below	114,000.00	26,740.96	(87,259.04)
Water and sewer connection fees	D-1, D-6	1,819,920.93	1,838,746.93	18,826.00
Miscellaneous	D-1, D-6	109,000.00	74,069.61	(34,930.39)
Capital Surplus	D-1, D-3, D-8	<u>32,000.00</u>	<u>32,000.00</u>	<u>-</u>
Total budget revenues		<u>23,606,215.33</u>	<u>21,884,724.24</u>	<u>(1,721,491.09)</u>
GRAND TOTALS	D-5	<u>\$ 23,606,215.33</u>	<u>\$ 21,884,724.24</u>	<u>\$ (1,721,491.09)</u>

Interest on investments

Water and sewer operating	D-6	\$ 3,954.87
Water and Sewer Assessment Trust Fund	D-6, D-9	882.46
Water and sewer capital	D-6, D-8	<u>21,903.63</u>
	Above	<u>\$ 26,740.96</u>

See independent auditors' report and accompanying notes to the basic financial statements

**TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY**

**WATER AND SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009 Budget	Budget After Modification	Paid or Charged	Expended	Unexpended Balance Cancelled	Overexpenditure of Appropriations
				Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 3,456,587.43	\$ 3,456,587.43	\$ 3,401,743.77		\$ 54,843.66	
Other Expenses	14,657,616.00	14,657,616.00	13,089,647.19	\$ 992,102.66	305,866.15	\$ 270,000.00
Total Operations	18,114,203.43	18,114,203.43	16,491,390.96	992,102.66	360,709.81	-
Debt Service:						
Payment of Bond Principal	2,816,000.00	2,816,000.00	2,365,000.00	451,000.00		
Interest on Bonds	1,507,016.90	1,507,016.90	1,535,940.77			\$ 28,923.87
Interest on Notes	7,500.00	7,500.00	7,500.00	-	-	-
Total Debt Service	4,330,516.90	4,330,516.90	3,908,440.77	451,000.00	-	28,923.87
Deferred Charges and Statutory Expenditures						
Emergency Authorization - Deficit in Operations of Prior Years	889,495.00	889,495.00	889,494.33		0.67	-
Contribution to:						
Social Security System	270,000.00	270,000.00	213,258.85		56,741.15	
Unemployment Compensation Insurance	2,000.00	2,000.00	2,000.00	-	-	-
Total Deferred Charges and Statutory Expenditures	1,161,495.00	1,161,495.00	1,104,753.18	-	56,741.82	-
Ref	\$ 23,606,215.33	\$ 23,606,215.33	\$ 21,504,584.91	\$ 1,443,102.66	\$ 417,451.63	\$ 28,923.87
	D-4	D-4	Below	D	D	D, D-1
Cash Disbursed						
Deferred Charges	D-6		\$ 19,071,649.81			
Accrued Interest on Bonds and Notes	D-32		889,494.33			
	D-12		1,543,440.77			
	Above		\$ 21,504,584.91			

See independent auditors' report and accompanying notes to the basic financial statements

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEYPAYROLL FUND
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

<u>ASSETS</u>	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2009</u>	<u>BALANCE</u> <u>DEC. 31, 2008</u>
Cash	E-1	\$ 216,244.39	\$ 212,625.88
		<u>\$ 216,244.39</u>	<u>\$ 212,625.88</u>
<u>LIABILITIES</u>			
Payroll Deductions Payable	E-1	\$ 216,244.39	\$ 212,625.88
		<u>\$ 216,244.39</u>	<u>\$ 212,625.88</u>

See independent auditors' report and notes to the basic financial statements

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2009 AND 2008

<u>ASSETS</u>	BALANCE DEC. 31, 2009	BALANCE DEC. 31, 2008
Land	\$ 52,212,344.00	\$ 52,212,344.00
Land Improvements	3,216,650.00	3,216,650.00
Buildings and Improvements	44,721,089.00	45,753,050.00
Construction in Progress		
Infrastructure	3,142,953.00	3,142,953.00
Machinery, Equipment, Furniture and Fixtures and Vehicles	<u>19,384,637.00</u>	<u>19,623,075.00</u>
	<u>\$ 122,677,673.00</u>	<u>\$ 123,948,072.00</u>
 <u>RESERVE</u>		
Investment in General Fixed Assets	<u>\$ 122,677,673.00</u>	<u>\$ 123,948,072.00</u>

See independent auditors' report and notes to the basic financial statements

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

Note 1: FORM OF GOVERNMENT

The governing body of the Township of South Brunswick, in the County of Middlesex (the "Township") consists of the Mayor and four (4) elected at-large members of the Township Council, each of whom serve a four-year term. Terms are staggered by two-year intervals. The Council serves as a legislative arm of the government and establishes the policies of the Township. The Township Manager is the Chief Executive Officer of the Township and is responsible for carrying out the policies of the Township Council. The responsibilities of the Township Manager include being accountable for all employees, proposing the annual budget and coordinating all activities of all departments within the Township.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) Statement No. 14 establishes criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The Division of Local Government Services (the "Division") requires the financial statements of the Township of East Brunswick to be reported separately.

Except as noted below, the financial statements of the Township of South Brunswick include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of South Brunswick, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of South Brunswick do not include the operations of the municipal library, first aid organizations or volunteer companies.

B. Description of Funds

The accounting policies of the Township of South Brunswick conform to the accounting principles applicable to municipalities, which have been prescribed by the Division. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of South Brunswick accounts for its financial transactions through the following separate funds and an account group:

Current Fund – records resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund – records receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the Community Development Block Grant fund are reported within the Trust Fund. In addition, the financial transactions of the following funds and accounts are also reported within the Trust Fund:

- Animal Control Trust Fund
- Unemployment Compensation Trust Fund
- Dedicated Law Enforcement Trust Fund
- Developer Escrow Trust Funds
- Dedicated Open Space Fund
- Assessment Fund

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

General Capital Fund – records resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes. General bonds, notes and loans payable are recorded in this fund offset by deferred charges to future taxation.

Water and Sewer Utility Fund – records resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Water and Sewer Utility.

Payroll Fund – records resources, deposits of gross salaries of municipal and utility operations into bank accounts of the payroll fund, Social Security and other payroll contributions are also deposited therein. Net salaries and remittances to all federal, state and other agencies are paid from this fund.

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value at the date of donation. No depreciation is recorded on general fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards recognizes three fund categories as appropriate for the accounting and reporting of the financial position and results of operations in accordance with generally accepted accounting principles (GAAP) to provide detailed information about the governmental unit. This structure of funds differs from the organization of funds prescribed under the regulatory basis of accounting utilized by the Township. The resultant presentation of financial position and results of operations in the form of basic financial statements is not intended to present the basic financial statements required by GAAP.

Regulatory-Basis Financial Statements – The GASB Codification also defines the financial statements of a governmental unit to be presented in the basic financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

Reclassification – Certain amounts previously recorded were reclassified to conform to current year presentation.

C. Basis of Accounting

Basis of Accounting and Measurement Focus - The basis of accounting, as prescribed by the Division for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

Revenues - Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Township budget. Receivables for property taxes and water and sewer utility consumer charges are recorded with offsetting reserves within the Current Fund and Water and Sewer Utility Fund, respectively. Other amounts that are due to the Township which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of utility consumer charges, which should be recognized in the period they are earned and become measurable.

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves." Paid or charged refers to the Township's "budgetary" basis of accounting. Generally, these 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. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability. Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, 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 and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP. Expenditures for compensated absences, i.e., accumulations of earned but unused vacations and sick leave, are recorded in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Water and Sewer Utility) fund on a full accrual basis.

For the purposes of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Township requires that certain expenditures be deferred and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the various balance sheets. GAAP does not permit the deferral of overexpenditures to succeeding budgets. In addition, GAAP does not recognize expenditures based upon the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or the revaluation of assessable real property, would represent the designation of fund balance.

The Local Budget Law (N.J.S.A. 40A:4-1 et seq.) requires that certain operating transfers between funds, such as transfers from the Current Fund or Utility Operating Funds to a Self-insurance Trust Fund, transfers of anticipated operating surpluses among the Current Fund, Water and Sewer Utility Fund, transfers from utility operating funds to capital funds (i.e., finance capital projects) and transfers from the Current Fund to the Trust Funds or General Capital Fund are required to be included in the Township's annual

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

budgets as budget appropriations. Expenditures are recorded upon the adoption of the budget for an), legally required transfers, and upon the determination of availability of funds for any discretionary transfers. Under GAAP, operating transfers are not recognized as expenditures.

New Jersey statutes require municipalities to provide annual funding to Free Public Libraries through the Current Fund Budget. Amounts paid on behalf of the Free Public Library or transferred to the custody of the Library's management are recorded as budgetary expenditures of the Township, notwithstanding the fact that the Library is recognized as a separate entity for financial reporting purposes. Under GAAP, the Library would be recognized, as a "component unit" of the Township, and discrete reporting of the Library's financial position and operating results would be incorporated in the Township's financial statements.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the governmental fixed assets at the lower of cost or fair market value.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the accounting period the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Compensated Absences - The Township has adopted written policies via employee contracts and municipal ordinances which set forth the terms under which an employee may accumulate earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Township records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources, and that expenditures be recorded in the enterprise (Utility Funds) funds on a full accrual basis.

Grants Received - Federal and State Grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's Budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Long-term debt: The Township's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Township's long-term debt is provided in Note 4 to the financial statements.

Fixed Assets - Property and equipment acquired by the Current, Community Development Block Grant and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Property and equipment acquired by the Water and Sewer Utility Fund are recorded in their respective capital accounts 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 accounts in the Water and Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements plus any costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

The Township has developed a general fixed asset accounting and reporting system that utilizes multiple dollar thresholds for the inclusion of certain assets and also utilizes estimated insurable values, which are updated annually to reflect current appraisal values, for inventoried structures. Accordingly, a statement of general fixed assets, developed using recognized valuation methods and uniform capitalization rules, which is required pursuant to generally accepted accounting principles and accounting practices prescribed for municipalities by the State of New Jersey, is included in the financial statements.

Comparative data – Comparative data for the prior year has been presented in order to provide an understanding of changes in the Township's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Note 3: DEFERRED COMPENSATION PLAN

The South Brunswick Township Deferred Compensation Plan was established pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; and P.L. 1980, C. 78 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The program balances are recorded in the Trust Fund of the Township. The deferred compensation plans are administered by the ICMA Retirement Corporation, the Lincoln National Life Insurance Company and the Hartford Life Insurance Company. The Township does not make any contributions to the plan and the deferred compensation is not available to employees until termination, retirement, death or unforeseeable hardship.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of the Internal Revenue Code Section 457(g), the Township's plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the plan are held in trust, in annuity contracts or custodial accounts.

As of December 31, 2009 and 2008 the amounts held in trust amounted to \$11,792,243.11 and \$9,063,709.90, respectively.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

Note 4: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION

The Local Bond Law, N.J.S.A. 40A:2 et seq, governs the issuance of bonds and notes to finance municipal capital expenditures. The Township's municipal debt is summarized as follows:

Summary of Municipal Debt for Capital Projects

	<u>Year 2009</u>	<u>Year 2008</u>
Issued:		
General:		
Bonds	\$ 64,632,000.00	\$ 69,712,000.00
Bond anticipation notes	500,000.00	1,050,000.00
N.J.D.E.P. Green Acres Loan	19,235.75	23,281.43
Water and Sewer:		
Bonds	36,804,000.00	39,555,000.00
Bond anticipation notes	<u>-</u>	<u>3,000,000.00</u>
 Total debt issued	 101,955,235.75	 113,340,281.43
Less:		
Funds temporarily held to pay		
Bonds and notes	<u>719,263.95</u>	<u>-</u>
	101,235,971.80	113,340,281.43
Authorized but not issued:		
General:		
Bonds and notes	3,564,779.85	809,779.85
Water and sewer:		
Bonds and notes	<u>7,852,750.00</u>	<u>5,952,750.00</u>
 Total authorized but not issued	 <u>11,417,529.85</u>	 <u>6,762,529.85</u>
 Net bonds and notes issued and authorized but not issued	 <u>\$ 112,653,501.65</u>	 <u>\$ 120,102,811.28</u>

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

B. Summary of Statutory Debt Condition - Annual Debt Statement - 2009

The summarized statement of debt condition which follows is reported in accordance with the required method for preparation of the Annual Debt Statement and indicates a statutory net debt of:

	Gross Debt	Deductions	Net Debt
Local school district debt	\$ 138,622,910.00	\$ 138,622,910.00	
Water and sewer utility debt	44,656,750.00	9,567,089.00	\$ 35,089,661.00
Current fund loan	19,235.75		19,235.75
General debt	68,696,779.85	1,735,000.00	66,961,779.85
	<u>\$ 251,995,675.60</u>	<u>\$ 149,924,999.00</u>	<u>\$ 102,070,676.60</u>

Net Debt \$102,070,676.60 Divided by Equalized Valuation Basis per
N.J.S.A. 40A:2-2 as amended \$8,361,002,506.67 equals 1.22%.

EQUALIZED VALUATION BASIS

2007 Equalized Valuation Basis of Real Property	\$ 8,339,570,791.00
2008 Equalized Valuation Basis of Real Property	8,284,854,723.00
2009 Equalized Valuation Basis of Real Property	<u>8,458,582,006.00</u>

Average Equalized Valuation	<u>\$ 8,361,002,506.67</u>
-----------------------------	----------------------------

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

3 1/2% of Equalized Valuation Basis Municipal	\$ 292,635,087.73
Net Debt	<u>102,070,676.60</u>
Remaining Borrowing Power	<u>\$ 190,564,411.13</u>

The Township's water and sewer utility fund was not self-liquidating as of December 31, 2009.

The foregoing debt information is not in agreement with the annual debt statement filed by the chief financial officer. A revised annual debt statement should be filed by the chief financial officer.

The Township of South Brunswick Board of Education is a Type II School District. As such, the members of the Board of Education are elected by the citizens of the Township and school appropriations are set by the Board of Education. Bonds and notes authorized by voter referendum to finance capital expenditures are general obligations of the Board of Education and, as such, are reported on the balance sheet of the Board of Education.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

C. Green Trust Program Loans

	<u>Kingston RR Branch</u>
Date of Loan Agreement	July 29, 1994
Loan Amount	\$72,225.00
Interest Rate	2.00%
Semi-Annual Payment (Prin. & Int.) to Amortize Loan Principal\$2,2	45.59
Due Dates	April 29, Oct. 29
Number of Payments	40
Final Payment	April 29, 2014

D. Schedule of Annual Debt Service for Principal and Interest for the
Next Five Years and in Five Year Increments Thereafter for Bonded Debt Issued and Outstanding

Fiscal Year	General		Water and Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2010	\$ 5,205,000	\$ 2,576,836	\$ 2,976,000	\$ 1,430,967	\$ 12,188,803
2011	5,457,000	2,390,443	3,164,000	1,341,751	12,353,194
2012	5,410,000	2,167,494	3,310,000	1,232,997	12,120,491
2013	4,975,000	1,964,716	3,320,000	1,116,737	11,376,453
2014	4,940,000	1,780,245	3,030,000	996,321	10,746,566
2015-2019	26,090,000	5,801,944	12,122,000	3,442,771	47,456,715
2020-2024	12,555,000	945,800	7,989,000	1,054,381	22,544,181
2025-2027	-	-	893,000	53,300	946,300
Total	<u>\$ 64,632,000</u>	<u>\$ 17,627,478</u>	<u>\$ 36,804,000</u>	<u>\$ 10,669,225</u>	<u>\$ 129,732,703</u>

During 2009, The Township issued \$3,190,000 of General and \$1,370,000 of Water and Sewer Utility Bonds to refund \$3,030,000 of General and \$1,305,000 of Water and Sewer Utility Bonds (Series 1998 and 1998A). As a result, these refunded bonds were considered to be defeased and the refunded portion of the debt was removed from the General Capital and Water and Sewer Utility Capital Funds. The difference between cash flows required to service the old debt and the cash flows to service the new debt was \$302,280. The economic gain resulting from the refunding was \$262,284. As a result of the refunding, \$345,000 of the defeased debt is still outstanding at December 31, 2009.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

E. Bond Anticipation Notes

As of December 31, 2009, the Township had bond anticipation notes outstanding in the amounts of \$500,000 in the general capital fund. The bond anticipation notes mature on January 4, 2010 with an interest rate of 3.85%.

Note 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2009 and 2008 were appropriated and included as anticipated revenue in their own respective funds for the "Fiscal Year" ending December 31, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Current fund	\$ 3,450,000	\$ 6,862,236

As of the date of this report, the 2010 Municipal Budget has been introduced, but has not yet been adopted. The figures reported above as anticipated in 2010 are subject to change upon adoption of the 2010 Annual Municipal Budget.

Note 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

As noted in Note 2, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2008, the water-sewer utility operating fund reflects a deferred charge resulting from a deficit in operations during 2008 in the amount of \$891,669.33. Of this amount, \$889,494.33 has been raised in the Township's 2009 budget. At December 31, 2009, the water-sewer utility operating fund reflects deferred charges resulting from an over-expenditure of appropriations of \$28,923.87, a deficit in current year operations on its balance sheet in the amount of \$727,012.98 and a deficit in the prior year operations in the amount of \$2,175, which are required to be raised in the Township's 2010 budget.

Note 7: DEPOSITS AND INVESTMENTS

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

Based on GASB criteria, the Township considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts, short-term investments and cash management money market mutual funds such as Pillar Funds, and are either any direct and general obligation of the United States of America and its agencies or certificates of deposit issued by any bank, savings and loan association or national banking association if qualified to serve as a depository for public funds under the provisions of the Government Unit Depository Protection Act. Cash and cash equivalents have original maturities of three months or less from the date of purchase. Investments are stated at cost, which approximates fair value.

At December 31, 2009, the book value of the cash and cash equivalents and investments of the Township consisted of the following:

Cash (Demand Accts.)	\$ 42,543,658
NJ ARM	11,056,858
Change funds (On-Hand)	1,350
US treasury obligations	52,398
Total	<u>\$ 53,654,264</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The government does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute and to deposit all of its funds in banks covered by FDIC and GUDPA. At least five percent of the Township's deposits were fully collateralized by funds held by the financial institution, but not in the name of the Township. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

The Township of South Brunswick had the following depository accounts. All deposits are carried at cost.

	<u>Bank Balance</u>
Insured-FDIC	\$ 1,133,771
Insured-NJGUDPA (N.J.S.A. 17:941)	<u>40,271,230</u>
Total	<u>\$ 41,405,001</u>

Investments

New Jersey Statutes establish the following securities as eligible for the investment of Township funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a 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,

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;

4. Bonds or other obligations of the Township or bonds or other obligations of school districts of which the Township is a part and within which the school district is located.
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section I of P.L. 1997, c. 281 (C.52:IXA-90G4);
8. Deposits with the New Jersey Arbitrage Rebate management Fund ("NJ ARM"); or
9. Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody collateralized is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.199-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

Governmental Accounting Standards Board Statement No. 40 - Deposit and investment Risk Disclosures requires the Township to disclose its deposits and investment policies regarding certain types of investment risks.

	<u>Moody's Rating</u>	<u>S&P Rating</u>
U.S. Treasury note	Aaa	AAA

The Township's investments at year-end 2009 were as follow:

<u>Investment Type</u>	<u>Total Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
U.S. Treasury Notes	\$ 52,398.00	\$ -	\$ 52,398.00	\$ -

New Jersey Arbitrage Rebate Management

The Township also invests funds in the New Jersey Arbitrage Rebate Management Fund ("NJARM"), which is an investment pool managed by Public Financial Management Company. NJARM allows governments within the state to pool their funds for investment purposes and the Securities and Exchange Commission (SEC) does not restrict the pool. Earnings are allocated to all participants based upon shares held in the pool and distributed on the last day of each month. In addition, the fair value of the Township's portion of the pool is the same as the value of its shares. Agencies that participate in the NJARM typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJARM on a daily basis without penalty. At December 31, 2009, the Township's balance in NJARM was \$11,056,834.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

Custodial Credit Risk: All of the Township's investments are uncollateralized. The Township does not have a policy for custodial credit risk for its investments.

Concentration of Credit Risk: The Township places no limit on the amount the Township may invest in any one issuer.

Credit Risk: The Township does not have an investment policy regarding the management of credit risk. GASB 40 requires disclosures be made to the credit rating of all debt security investments except for obligations for the U.S. Government or investments guaranteed by the U.S. government. The NJ ARM is not rated by a rating agency.

Interest Rate Risk: The Township does not a policy to limit interest rate risk; however, its practice is typically to invest in investments with short maturities.

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

A taxable valuation of real property is prepared by the Tax Assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. The County Board of Taxation establishes tax rates to reflect the levy necessary for municipal, local school district, special district and county taxes.

Tax bills are prepared and mailed by the Collector of Taxes of the Township annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the previous year's tax. The preliminary payments are due and payable on February 1st and May 1st. NJ Statutes allow a grace period of 10 days for each payment period and the Township granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amounts delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

Note 9: PENSION AND RETIREMENT PLANS

Substantially, all Township employees participate in the Public Employees' Retirement System, Consolidated Police and Firemen's Pension Fund and Police and Firemen's Retirement System. The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds and charges municipalities annually for their respective contributions. The plans provide retirement and disability benefits, annual cost of living adjustments and benefits to plan members and beneficiaries. The plans are cost sharing multiple-employer defined benefit plans and as such do not maintain separate records for each municipality in the state and, therefore, the actuarial data for the Township is not available. The Division of Pensions issues publicly available financial reports for each of the plans that include financial statements and required supplementary information. The reports may be obtained by writing the State of New Jersey, Division of Pensions.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, the PERS and PFRS bills the Township annually at an actuarially determined rate for its required contribution. The current rate is 5.0%-8.5% of annual covered payroll.

The contribution requirements of plan members and the Township are established and may be amended by the Board of Trustees of respective plans. The Township's contributions to the plans for the years ended December 31, 2009, 2008 and 2007 were \$1,503,014, \$2,357,696 and \$1,516,764, respectively, equal to the required contributions for each year. In 2009, the State of New Jersey permitted Municipalities to defer up to 50% of their contributions due in 2009. The township elected this option, resulting in the deferral of \$1,312,222.50. In accordance with state regulations the Township will begin repaying this liability in April 2012 over a 15 year period.

Note 10: POST RETIREMENT HEALTH BENEFITS

The Township of South Brunswick provides its retirees with health benefits, which are fully funded by the Township. These benefits are negotiated for through each bargaining unit's contract. In order to receive fully paid health benefits, retirees must have been enrolled in the Public Employees Retirement Fund or the Police and Firemen's Retirement Fund for 25 years or more active service in PFRS/PERS and fifteen years or more active service with the Township. Retirees receive the same type of health insurance coverage that they were receiving prior to retirement.

State Health Benefits Program (SHBP)

Plan Description:

The Township contributes to the State Health Benefits Program (SHBP) a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>.

Plan Coverage:

All Active employees, including their dependents, are eligible to participate in the SHBP, upon completion of a sixty day waiting period. Retirees with twenty five years or more active service in PFRS/PERS and fifteen years or more active service with the Township are also eligible to participate in the SHBP.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

Funding Policy:

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

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Township on a monthly basis. Eligible employees and retirees have the option of choosing from four medical benefit plans (NJ Direct15, NJ Direct10, Aetna or CIGNA HealthCare HMO) with rates ranging from \$391 for a single participant to \$1,027 for Family coverage and \$133 for a prescription single coverage to \$334 for prescription family coverage.

The Township's contributions to SHBP for post-retirement benefits for the years ended December 31, 2009, 2008, and 2007 were \$890,739.31, \$797,159.81, and \$769,236.77, respectively, which equaled the required contributions for each year.

Note 11: RISK MANAGEMENT

The Township of South Brunswick has maintained a limited self insurance plan for worker's compensation coverage. Claims are paid from a fund provided through the annual budget appropriation. Also, individual stop loss and aggregate stop loss policies are purchased to protect the Township from catastrophic loss. There is a reserve in the Other Trust Fund to pay incurred costs if such were to exceed the annual budget appropriation. The governing body of South Brunswick adopted this plan in accordance with N.J.S.A. 40A:10-36.

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error or omission, injuries to employees; and natural disasters. The Township is a member of the Garden State Municipal Joint Insurance Fund ("JIF"). The JIF is a public entity risk pool currently operating as a common risk management and insurance program for municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workers' compensation. While additional assessments on premiums can be levied by the JIF to assure payment of the JIF's obligations, no such additional premiums have been necessary as of December 31, 2009. The JIF is expected to be self-sustaining through member premiums of which the Township portion is reported as expenditure in the Township's financial statements and liabilities of the JIF are based on the estimated ultimate cost of settling the claims. The JIF participates in the AIG Municipal Excess Liability Program, which has a contract for excess liability insurance.

The Township is not aware of any claims pending that have a demand in excess of coverages provided under the JIF. In addition, there were no significant reductions in insurance coverage from prior year coverage and there were no amounts settled which exceeded insurance coverage for each of the past three years.

Note 12: ACCRUED SICK AND VACATION BENEFITS

The Township of South Brunswick has established policies, which set forth the terms under which an employee may accumulate unused benefits. The Township's general policy is as follows:

Vacations - Vacation pay for permanent employees is accumulated in accordance with the approved schedules for their respective units. Vacation days shall be taken during the current year and shall not

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

accumulate, except that vacation time may be carried over to the next succeeding year only. This carryover provision is not applicable to Police and Fire Officers. An employee who has separated his/her employment in good standing shall be entitled in time or in pay to any earned vacation accumulated and not previously used.

The payroll office maintains up-to-date records of each employee's status relating to earned and unused sick and vacation pay. At December 31, 2009, the total value of accumulated compensated absences, based upon the current pay rates, was \$5,366,398. This total is not intended to represent amounts that will ultimately be paid to employees upon termination or retirement, as no adjustment has been made to reflect the limitations on lump sum payments. Expenditures for payment of accrued sick and vacation benefits are recorded in the period in which the payments are made.

Note 13: LEASE COMMITMENTS

The Township has entered into lease/purchase agreements with the Middlesex County Improvement Authority (MCIA) and Commerce Bank for the acquisition of equipment and other capital projects.

Future lease payments and the present value of net minimum lease payments at December 31, 2009 are as follows:

Year Ended December 31	2009
2010	\$ 257,556
2011	123,274
2012	<u>32,463</u>
Total minimum lease payments	\$ 413,293
Less: Amount representing interest / fees	<u>21,855</u>
Present value of net minimum lease payments	<u>\$ 391,438</u>

Note 14: TAX APPEALS

At December 31, 2009, there are several tax appeals pending before the New Jersey Tax Court requesting a reduction of assessed valuation for 2009 and prior years. Any reduction in assessed valuation will result in a refund of prior year's taxes in the year of settlement, which may be funded from the Township's tax levy or through the issuance of refunding bonds per N.J.S. 40A:2-51. In accordance with the National Council on Governmental Accounting Statement 4, "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences," the Township charges current fund operations for all State Board Judgments rendered during the year which will be paid from expendable available financial resources.

The Township's share of the County taxes paid on any successful tax appeal would result in appropriate reductions applied against the County tax levy of the following year.

TOWNSHIP OF SOUTH BRUNSWICK
MIDDLESEX COUNTY, NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

Note 15: CONTINGENT LIABILITIES

At December 31, 2009, the Township had litigation pending. The majority of this litigation involves claims against the Township relating to matters that traditionally would be covered through the procurement of workers' compensation and liability insurance policy coverages. As more fully described in Note 11, the Township has participated in a joint insurance fund. Management indicates the Township is not involved in any pending or threatened litigation nor are there any unasserted claims or assessments requiring disclosure in the financial statements.

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2009, the Township does not believe that any material liabilities will result from such audits.

Note 16: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets as of December 31, 2009:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 132,485.43	\$ 200,000.00
General Capital Fund	425,000.00	
Grant Fund		132,485.43
Trust Other Fund	-	225,000.00
	<u> </u>	<u> </u>
Total	<u>\$ 557,485.43</u>	<u>\$ 557,485.43</u>

Note 17: LOSAP PROGRAM

The Township has established a Length of Service Award Program (LOSAP) Deferred Compensation Plan. The LOSAP is an incentive award program for volunteers who meet specified service criteria and is a qualified plan under Internal Revenue Code Section 457(e). Funding for the plan is provided via Township budget appropriations and the Township has authorized Lincoln National Life Insurance, as the plan provider. As of December 31, 2009 and 2008 the cumulative balance of the Length of Service Award Program was \$428,505.54 and \$326,695.01, respectively and is recorded in the Trust fund of the Township.

In accordance with N.J.A.C. 5:30-14, the funds held in the LOSAP remain the assets of the Township until they are distributed and as such are subject to the claims of the Township's general creditors.

Note 18: SUBSEQUENT EVENTS:

Management has reviewed and evaluated all events and transactions that occurred from December 31, 2009 through June 25, 2010, that date that the financial statements were issued and the effects of those that provided additional pertinent information about conditions that existed at the balance sheet date, have been recognized in the accompanying financial statements.

APPENDIX C

FORMS OF LEGAL OPINIONS

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

_____, 2010

Township Council of the
Township of South Brunswick, in the
County of Middlesex, New Jersey

Re: Township of South Brunswick, in the County of Middlesex, New Jersey
\$10,036,000 General Obligation Bonds, Series 2010, consisting of \$926,000
General Improvement Bonds, Series 2010,
\$3,168,000 Open Space Bonds, Series 2010, and
\$5,942,000 Water-Sewer Utility Bonds, Series 2010

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of South Brunswick, in the County of Middlesex, New Jersey (the "Township") of its \$10,036,000 General Obligation Bonds, Series 2010, consisting of \$926,000 General Improvement Bonds, Series 2010 (the "General Improvement Bonds"), \$3,168,000 Open Space Bonds, Series 2010 (the "Open Space Bonds"), and \$5,942,000 Water-Sewer Utility Bonds, Series 2010 (the "Water-Sewer Utility Bonds" and, collectively with the General Improvement Bonds and the Open Space Bonds, the "Bonds").

The Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township is available to pay the principal of and interest on the Bonds. The Bonds are dated _____, 2010, and will mature on October 1, in the amounts, in each of the years and bear interest at the rates, payable on April 1 and October 1, commencing April 1, 2011, as set forth in the table below:

MATURITY SCHEDULE, INTEREST RATES AND YIELDS OR PRICES

Year	General Improvement Bonds	Open Space Bonds	Water-Sewer Utility Bonds	Combined Bonds	Interest Rate
2011	\$150,000	\$100,000		\$250,000	%
2012	190,000	105,000	\$25,000	320,000	
2013	120,000	110,000	100,000	330,000	
2014	100,000	115,000	150,000	365,000	
2015	100,000	120,000	250,000	470,000	

Year	General Improvement Bonds	Open Space Bonds	Water-Sewer Utility Bonds	Combined Bonds	Interest Rate
2016	90,000	130,000	500,000	720,000	
2017	90,000	145,000	500,000	735,000	
2018	86,000	145,000	500,000	731,000	
2019		145,000	500,000	645,000	
2020		155,000	500,000	655,000	
2021		170,000	500,000	670,000	
2022		180,000	600,000	780,000	
2023		180,000	600,000	780,000	
2024		185,000	600,000	785,000	
2025		183,000	617,000	800,000	
2026		200,000		200,000	
2027		200,000		200,000	
2028		200,000		200,000	
2029		200,000		200,000	
2030		200,000		200,000	

The Bonds will be issued in book-entry form only in the form of one certificate for the aggregate principal amount of Bonds of each series maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or integral multiples of \$1,000 in excess thereof through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the “Act”), a resolution adopted by the Township Council on September 14, 2010 (the “Resolution”) and ordinances of the Township numbered 2008-47, 2008-52, 2009-35, 2010-14, 1990-55, 1997-52 2007-35, 2008-50, 2009-36, 2009-54, 2010-12 and 2010-27 (collectively, the “Ordinances”).

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds, including (a) copies of the Resolution and the Ordinances, (b) such matters of law, including, *inter alia*, the Act and the Internal Revenue Code of 1986, as amended (the “Code”), and (c) such other agreements, proceedings,

certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds, as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

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

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

2. The Township has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Code. Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In our opinion, assuming continuing compliance by the Township with its covenants, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax and, pursuant to the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, adopted by the Congress of the United States of America and signed into law on February 17, 2009, is not included in adjusted current earnings when calculating corporate alternative minimum taxable income.

3. Under current law, interest on the Bonds and gain from the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

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

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

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

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

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

DECOTIIS, FITZPATRICK & COLE, LLP

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

_____, 2010

Township Council of the
Township of South Brunswick, in the
County of Middlesex, New Jersey

Re: \$_____ General Obligation Refunding Bonds, Series 2010

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of South Brunswick, in the County of Middlesex, New Jersey (the “Township”) of its \$_____ General Obligation Refunding Bonds, Series 2010 (the “Refunding Bonds”).

The Refunding Bonds are general obligations of the Township and the full faith, credit and taxing power of the Township is available to pay the principal of and interest on the Refunding Bonds. The Refunding Bonds are dated _____, 2010, and will mature on January 15, in the amounts, in each of the years and bear interest at the rates, payable on January 15 and July 15, commencing January 15, 2011, as set forth in the table below:

Year	General Improvement Refunding Bonds	Interest Rate
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		

The Refunding Bonds will be issued in book-entry form only in the form of one certificate for the aggregate principal amount of Refunding Bonds of each series maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New

York ("DTC"), which will act as securities depository for the Refunding Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Refunding Bonds on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or integral multiples of \$1,000 in excess thereof through book-entries on the books and records of DTC and its participants.

The Refunding Bonds are issued under the provisions of the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended), a refunding bond ordinance of the Township numbered 2010-34, finally adopted on August 24, 2010, and a resolution adopted by the Township Council on September 14, 2010 (the "Resolution"). The Refunding Bonds are issued to (i) currently refund the outstanding callable principal amount of the originally issued \$11,227,000 General Improvement Bonds, Series 2003, and maturing on January 15 in the years 2012 to 2021, inclusive, in the total amount of \$6,467,000 (the "Refunded Bonds"), and (ii) to pay costs of issuance of the Refunding Bonds.

In connection with the issuance of the Refunding Bonds, the Township has entered into an Escrow Deposit Agreement dated _____, 2010 (the "Escrow Deposit Agreement"), with TD Bank, National Association, Cherry Hill, New Jersey (the "Escrow Agent"), pursuant to which a portion of the proceeds of the Refunding Bonds will be deposited and held uninvested as cash or invested in direct and general obligations of, or obligations fully and unconditionally guaranteed by, the United States of America, the maturing principal of which and interest on which shall be used to pay interest on the Refunded Bonds until January 15, 2011 (the "Redemption Date") and to pay the principal of and redemption premium on the Refunded Bonds on the Redemption Date. Hodulik & Morrison, P.A., has, based on certain information provided to it, verified (i) the mathematical computation of the adequacy of the maturing principal of and interest on the investments purchased with the proceeds of the Refunding Bonds (and other available funds) to make payment of the principal, redemption premium, and interest on the Refunded Bonds on the Redemption Date, and (ii) the calculations of the yield on the Refunding Bonds and the yield on the investments held under the Escrow Deposit Agreement and purchased with proceeds of the Refunding Bonds. We have relied upon the verification of the sufficiency of the amounts to be held by the Escrow Agent and the yield calculations in concluding that the Refunding Bonds are not "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code").

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Refunding Bonds, including (a) copies of the Resolution and the Refunding Ordinance, (b) such matters of law, including, *inter alia*, the Act and the Code, and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Refunding Bonds, as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public

officials executed and furnished to us without undertaking to verify the same by independent investigation.

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

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

2. The Township has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Refunding Bonds under 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 our opinion, assuming continuing compliance by the Township with its covenants, under current law, interest on the Refunding Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax; however, interest on the Refunding Bonds held by corporate taxpayers 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 Refunding Bonds in “adjusted current earnings”.

3. Under current law, interest on the Refunding Bonds and gain from the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

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

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

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

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or

judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

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

DECOTIIS, FITZPATRICK & COLE, LLP

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Township of South Brunswick, in the County of Middlesex, New Jersey (the “Issuer”) in connection with the issuance by the Issuer of \$_____ principal amount of its General Obligation Refunding Bonds, Series 2010 (the “Bonds”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

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

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

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

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

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

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

“State” shall mean the State of New Jersey.

Section 3. Provision of Annual Reports.

(a) On or prior to 270 days from the end of each fiscal year, beginning with the fiscal year ending December 31, 2010, the Issuer shall, or shall cause the Dissemination Agent to, provide to the MSRB, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information which has been made available to the public on the MSRB's website or filed with the Securities and Exchange Commission; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

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

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

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

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

(b) Certain financial information and operating data consisting of (i) Issuer and overlapping indebtedness including a schedule of outstanding debt issued by the Issuer, (ii) the Issuer's most current adopted budget, (iii) property valuation information, and (iv) tax rate, levy and collection data.

Section 5. Reporting of Significant Events.

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

1. principal and interest payment delinquencies;
2. non-payment related defaults;

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 or events affecting the tax-exempt status of the Bonds;
 7. modifications to rights of Bondholders;
 8. optional, contingent or unscheduled Bond calls;
 9. defeasances;
 10. release, substitution, or sale of property securing repayment of the Bonds;
- and
11. rating changes.

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

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file, in an electronic format as prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB, a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Resolution.

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

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

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

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

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

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

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

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

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

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

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

Dated: _____, 2010

TOWNSHIP OF SOUTH BRUNSWICK,
IN THE COUNTY OF MIDDLESEX, NEW
JERSEY

By: _____
Chief Financial Officer

**EXHIBIT A TO CONTINUING DISCLOSURE CERTIFICATE
NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Township of South Brunswick, in the County of Middlesex,
New Jersey

Name of Bond Issue: \$_____ General Obligation Refunding Bonds, Series
2010

Dated Date: _____, 2010

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated _____, 2010. The Issuer anticipates that the Annual Report will be filed by _____, _____.

Dated: _____

TOWNSHIP OF SOUTH BRUNSWICK,
IN THE COUNTY OF MIDDLESEX,
NEW JERSEY

By: _____
Name:
Title: