

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 23, 2010

Rating: See "RATING" herein

NEW ISSUE

BOOK-ENTRY ONLY

In the opinion of DeCotiis, FitzPatrick & Cole LLP, Teaneck, New Jersey, Bond Counsel, assuming continuing compliance by the Township of Marlboro (the "Township") with certain covenants described herein, under current law, interest on the Bonds (as hereinafter defined) 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 (the "Code"), for purposes of computing the federal alternative minimum tax, and, pursuant to the American Recovery and Reinvestment Act of 2009, is not 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 (as hereinafter defined). 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.

**\$19,000,000
TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY
GENERAL OBLIGATION BONDS, SERIES 2010
Consisting of
\$15,624,000 General Improvement Bonds
\$840,000 Water Utility Bonds
\$2,536,000 Open Space Bonds
(Callable) (Bank Qualified)**

Dated: Date of Delivery

Due: October 1, as shown on inside front cover

The \$19,000,000 General Obligation Bonds, Series 2010, consisting of \$15,624,000 General Improvement Bonds, \$840,000 Water Utility Bonds and \$2,536,000 Open Space Bonds (collectively, the "Bonds") will be issued in the form of one certificate for the aggregate principal amount of the Bonds of each series maturing in each year and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as Securities Depository. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds shall be dated their date of delivery, and shall bear interest at the rates set forth on the inside front cover, payable semiannually on the first day of April and October in each year until maturity, commencing April 1, 2011. The principal of and the interest on the Bonds will be paid to the Securities Depository by the Township or its designated Paying Agent. Interest on the Bonds will be credited to the Participants of the Depository Trust Company as listed on the records of the Depository Trust Company as of each next preceding March 15th and September 15th (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are subject to redemption prior to maturity as further described herein.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information.

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, DeCotiis, FitzPatrick & Cole LLP, Teaneck, New Jersey. The Bonds are expected to be available for delivery in definitive form through DTC in New York, New York on or about October 14, 2010.

**BID PROPOSALS WILL BE ACCEPTED ON THURSDAY, SEPTEMBER 30, 2010
VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC
UNTIL 11:00 O'CLOCK A.M.
OR ALTERNATIVELY BY SEALED PROPOSAL DELIVERED
TO THE TOWNSHIP'S CHIEF FINANCIAL OFFICER
AT THE MUNICIPAL BUILDING, 1979 TOWNSHIP DRIVE
MARLBORO, NJ 07746
BY 11:00 A.M. ON THURSDAY, SEPTEMBER 30, 2010
FOR MORE DETAILS, REFER TO THE NOTICE OF SALE**

Dated: _____, 2010

This is a Preliminary Official Statement, complete with the exception for the specific information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission. The Township has authorized distribution of this Preliminary Official Statement to prospective purchasers and others. In accordance with Rule 15c2-12, this Preliminary Official Statement is deemed final. Upon the sale of the Bonds described herein, the Township will deliver a final Official Statement within seven business days following such sale.

Township of Marlboro
\$19,000,000
General Obligation Bonds, Series 2010

Consisting of
\$15,624,000 General Improvement Bonds
\$840,000 Water Utility Bonds
\$2,536,000 Open Space Bonds

<u>Year</u>	<u>General Improvement Bonds</u>	<u>Open Space Bonds</u>	<u>Water Utility Bonds</u>	<u>Combined Bonds</u>	<u>Coupon</u>	<u>Reoffering Yield</u>	<u>CUSIP</u>
2012	\$ 200,000	\$ 125,000	\$ 10,000	\$ 335,000			
2013	265,000	150,000	20,000	435,000			
2014	350,000	150,000	30,000	530,000			
2015	350,000	150,000	30,000	530,000			
2016	360,000	170,000	30,000	560,000			
2017	1,100,000	180,000	40,000	1,320,000			
2018	1,125,000	190,000	40,000	1,355,000			
2019	1,675,000	190,000	80,000	1,945,000			
2020	1,725,000	190,000	80,000	1,995,000			
2021	1,725,000	200,000	90,000	2,015,000			
2022	1,750,000	210,000	90,000	2,050,000			
2023	1,750,000	210,000	100,000	2,060,000			
2024	1,749,000	210,000	100,000	2,059,000			
2025	<u>1,500,000</u>	<u>211,000</u>	<u>100,000</u>	<u>1,811,000</u>			
	<u>\$ 15,624,000</u>	<u>\$ 2,536,000</u>	<u>\$ 840,000</u>	<u>\$ 19,000,000</u>			

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, sales representative or any other person has been authorized by the Township or the Underwriter to give any information or make any representation, other than those contained herein, in connection with the offering of or solicitation for the Bonds, and if given or made, such information or representation must not be relied upon as having been authorized by the foregoing.

The information, estimates and expressions of opinion set forth herein have been provided by the Township and by other sources believed to be reliable by the Township, but are not guaranteed as to accuracy or completeness and are not to be construed as a representation by the Township.

Where the constitution, statutes or regulations of the State of New Jersey are referred to, reference should be made to such laws for a complete statement of the matters referred to. In addition, where ordinances, resolutions, agreements, reports and documents are referred to, reference should be made to such ordinances, resolutions, agreements, reports and documents, as the case may be, for a complete statement of the matters referred to.

This Official Statement is not to be construed as a contract or agreement between the Township and the Underwriter or owners or any of the Bonds. The information and expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under the circumstances, create any implication that there has been no change in the affairs of the Township since the date hereof.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the Township from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the Township.

IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TOWNSHIP AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**TOWNSHIP OF MARLBORO,
COUNTY OF MONMOUTH,
NEW JERSEY**

MAYOR AND TOWNSHIP COUNCIL

Jonathan L. Hornik, Mayor
Frank LaRocca, Council President
Randi Marder, Council Vice President
Jeffrey Cantor
Dr. Scott Metzger
Carol Mazzola

Township Administrator
Jonathan Capp

Chief Financial Officer
Ulrich Steinberg

Township Clerk
Alida Manco

Tax Collector
Kelly Hahn

Township Attorney
DeCotiis, FitzPatrick & Cole LLP

Auditor
Wiss & Company, LLP

Bond Counsel
DeCotiis, FitzPatrick & Cole LLP

Financial Advisor
Hutchins, Farrell, Meyer & Allison, P.A.

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OFFICIAL STATEMENT
TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

\$19,000,000
GENERAL OBLIGATION BONDS, SERIES 2010
Consisting of
\$15,624,000 General Improvement Bonds
\$840,000 Water Utility Bonds
\$2,536,000 Open Space Bonds

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Marlboro, County of Monmouth, New Jersey (the "Township") and provides certain information regarding the financial and economic condition of the Township in connection with the issuance and sale of the Township's \$19,000,000 General Obligation Bonds, Series 2010, consisting of \$15,624,000 General Improvement Bonds, \$840,000 Water Utility Bonds and \$2,536,000 Open Space Bonds (collectively, the "Bonds").

This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer of the Township.

THE BONDS

General Description

The Bonds will be dated the date of delivery thereof, and will mature and will bear interest at the rates as set forth on the inside front cover page hereof.

The Bonds are issuable as fully-registered book-entry bonds in the form of one certificate for each maturity of each series of the Bonds in the principal amount of the such maturity, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository. The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants or transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interest in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and the records of DTC and its participants. Individual purchasers or the Bonds will not receive certificates representing their beneficial ownership interest in the Bonds, but each book-entry Bond owner will receive a credit balance of the books of its nominee. See "BOOK-ENTRY ONLY SYSTEM" herein.

Security and Source of Payment

The Bonds will be general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and interest on the Bonds. The Township is required by law to levy ad valorem taxes upon all the 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. See "PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT" herein.

REDEMPTION

Optional Redemption

The Bonds maturing on or before October 1, 2020 are not subject to optional redemption prior to their stated maturities. The Bonds maturing on or after October 1, 2021 are subject to redemption prior to maturity, at the option of the Township, upon notice as described below, at any time on or after October 1, 2020, as a whole or in part in such order of maturity as selected by the Township, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date fixed for redemption.

Any Bond subject to redemption as aforesaid may be called in part, provided that the portion not called for redemption shall be in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof. If less than all of the Bonds of a particular maturity are to be redeemed, Bonds of that maturity shall be selected by lot.

Notice of Redemption

When any Bonds are to be redeemed, the Chief Financial Officer of the Township (or, if appointed pursuant to the Bond Resolution, the Paying Agent) shall give notice of the redemption of the Bonds by mailing such notice by first class mail in a sealed envelope postage prepaid to the registered owners of the portion of any Bonds which are to be redeemed, at their respective addresses as they last appear on the registration books of the Township, at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. Notice of redemption having been given as aforesaid, the portion of the Bonds which are to be redeemed shall, on the date fixed for redemption, become due and payable at the redemption price plus accrued interest to the redemption date and, upon presentation and surrender thereof at the place specified in such notice, such portion of the Bonds shall be paid at the redemption price, plus accrued interest to the redemption date. On and after the redemption date (unless the Township shall default in the payment of the redemption price and accrued interest), such Bonds shall no longer be considered as outstanding.

During any period in which The Depository Trust Company (or any successor thereto) shall act as securities depository for the Bonds, the notices referred to above shall be given only to such depository and not to the beneficial owners of the Bonds. Any failure of such 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.

AUTHORIZATION AND PURPOSE OF THE ISSUE

The Bonds are authorized and are to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"). The Bonds are authorized by various bond ordinances adopted by the Council of the Township (the "Bond Ordinances") and by a resolution adopted by the Council of the Township on September 16, 2010 (the "Bond 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 schedules for the Bonds by resolution adopted on September 17, 2010.

General Improvement Bonds

<u>Ordinance Number</u>	<u>Adoption Date</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>
2002-27	10/10/02	\$ 1,647,000	\$ 1,501,675
2004-06	04/29/04	95,000	30,000
2004-21	09/23/04	2,062,000	1,600,000
2005-18	06/02/05	251,750	251,750
2005-36	10/06/05	2,085,000	2,085,000
2006-19	08/10/06	3,501,700	3,501,700
2007-12	05/17/07	5,225,000	4,186,575
2009-28	09/10/09	1,662,500	1,517,300
2010-16	08/24/10	958,680	<u>950,000</u>
			<u>\$ 15,624,000</u>

Water Utility Bonds

<u>Ordinance Number</u>	<u>Adoption Date</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>
2010-17	08/24/10	\$ 840,000	<u>\$ 840,000</u>

Open Space Bonds

<u>Ordinance Number</u>	<u>Adoption Date</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>
2002-28	10/10/02	\$ 2,780,000	<u>\$ 2,536,000</u>

BOOK-ENTRY ONLY SYSTEM

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, national Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly. ("Indirect Participants"). DTC has 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 the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry-only system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 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, defaults, and proposed amendments to the Bond documents. For example, 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. 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 interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

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

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE BONDS WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, AND DIRECT PARTICIPANTS OR ANY INDIRECT PARTICIPANT; OR (ii) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR PAY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, OR INTEREST ON, ANY BONDS; OR (iii) THE DELIVERY OF ANY NOTICE BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT; OR (iv) ANY OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT.

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

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.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

LOCAL BOND LAW (N.J.S.A. 40A:2-1 ET SEQ.)

The Bonds are issued pursuant to the provisions of the Local Bond Law, N.J.S.A. 40A:2-1 et seq. The Local Bond Law governs the issuance of bonds and notes by municipalities 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 must be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township are general full faith and credit obligations.

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 an annual operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are regulated by law and the proposed operating budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires the Township to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations, among others, for certification.

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

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions, focusing on anticipated revenue, serve to protect the solvency of the Township. The Township budget by law and regulation of the Division must be in balance, on a cash basis, 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.

CAPITAL BUDGET

In accordance with the Local Budget Law, the Township must adopt a statement of capital undertakings underway or projected for a period not greater than 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 six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

OPERATION OF UTILITIES

Municipal public utilities are supported, in addition to the general taxing power upon real property, by the revenues generated by the respective operations of the utilities. 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 budget of the utilities. Deficits or anticipated deficits in utility operations that cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

MUNICIPAL "CAP" LAW

A statute passed in 1976, as amended (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. On August 20, 1990, the Governor signed into law P.L. 1990, c.89, which revised and made permanent the "Cap Law". The Cap Law has been frequently amended thereafter. While the revised Cap Law is restrictive on the ability of a municipality to increase its overall appropriations, the payment of debt service is an exception from this limitation. The Cap Law currently provides that a municipality shall limit any increase of its budget to 2.5% or the cost of living adjustment, whichever is less, over the previous year's final appropriations subject to certain exceptions. However, in any year in which the cost of living adjustment is equal to or less than 2.5%, a municipality may, by ordinance, provide that the final appropriations shall be increased by a percentage rate greater than the cost of living adjustment, but not to exceed 3.5%. The "cost of living adjustment" is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Among the exceptions to the limitations imposed by the Cap Law are capital expenditures; debt service; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law.

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% and limiting the exclusions to amounts required to be raised by taxation for capital expenditures, including debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

REAL ESTATE TAXES

N.J.S.A. 40A:4-29 of the Local Budget Law governs anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year".

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

This provision and N.J.S.A. 40A:4-40 require that an additional amount (the "Reserve for Uncollected Taxes") be added to the tax levy to balance the budget so that when the percentage of the prior year's tax collection is applied to the combined total, the product will be at least equal to the tax levy required to balance the budget. The reserve for uncollected taxes requirement is calculated as follows:

The tax levy required to balance this budget, divided by the prior year's percentage of current tax collections (or lesser percentage) levied, will equal the total taxes to be levied for the current fiscal year.

MISCELLANEOUS REVENUES

N.J.S.A. 40A:4-26 in the Local Budget Law provides that: "No miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit".

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof, with the exception of inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with a local governmental unit's calendar fiscal year. Grant revenue is generally not realized until received in cash.

DEFERRAL OF CURRENT EXPENSES

Emergency appropriations (those made after the adoption of the budget and determination of the tax rate) may be authorized by the Township Council. With minor exceptions, however, such appropriations must be included in full in the following year's budget. Under the Cap Law, any emergency appropriation must be declared by resolution in accordance with the Local Budget Law, must be approved by at least two-thirds of the Township Council and must be filed with the Director. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads, and bridges which may be amortized over three years; and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, and employee severance liabilities which may be amortized over five years.

BUDGET TRANSFERS

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year. 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.

LOCAL FISCAL AFFAIRS LAW (N.J.S.A. 40A:5-1 ET SEQ.)

This law regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a 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 Clerk of the local governmental unit and with the Director within six (6) months after the close of the local unit's fiscal year, unless the Director extends the time to complete and file the audit. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The Finance Officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit. The entire annual audit report is filed with the Municipal Clerk and is available for review during business hours.

DEBT LIMIT

The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its stated equalized valuation basis. The stated equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. By its resolution adopted on December 18 2009, the Local Finance Board in the Division of Local Government Services, New Jersey Department of Community Affairs, determined that the Township's newly created water utility is expected to have income sufficient to make it self-liquidating, and, accordingly, the Bonds are not included in the Township's net debt and are permitted to be deducted for purposes of computing the statutory debt limit.

At December 31, 2009, the Township's statutory net debt as a percentage of average equalized valuation was 0.37%. As noted above, the statutory limit is 3-1/2%.

EXCEPTIONS TO DEBT LIMIT

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

SCHOOL DEBT

State law permits local Type II school districts, upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limitation by using the available borrowing capacity of the Township. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the Township, the State Department of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

SHORT-TERM FINANCING

The Township may issue short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as amended and supplemented, creating such capital expenditure less, generally, a cash downpayment of 5%. Bond anticipation notes may be issued and renewed for one-year periods, with the final maturity not exceeding ten years plus the period from the notes' maturity to the end of the fiscal year in which the notes mature plus four months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

PENSION PLAN

Substantially all Township employees participate in the Public Employees' Retirement System ("PERS") and the Police and Firemen's Retirement System ("PFRS"). 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 death 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.

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, PERS and PFRS bill the Township annually at an actuarially determinable rate for its required contribution. The current rate is 5.5% for PERS and 8.5% for PFRS of annual covered payroll.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2009	\$ 342,731.13	\$ 916,058.50
2008	462,663.82	1,708,777.00
2007	270,115.80	1,030,138.40
2006	130,442.60	617,500.00

The numbers for the 2009 pension contribution reflect the Township's participation in Pension Deferral Program initiated by the State of New Jersey for 2009. Repayment of the deferred pension obligation commences in 2012.

TOWNSHIP FINANCIAL UPDATE

In 2009, total appropriations were reduced by 41,505,441 or 4.42%. This was the result of several factors, including the elimination of vacant and occupied positions and the lay-off of 8 employees. In addition, all "non-essential" employees were furloughed and a four (4) day work week established which reduced the hourly work week by 10% and salaries by 11%.

Also in 2009, the Township received State approval to proceed with the dissolution of the Marlboro Township Municipal Utilities Authority (the "Authority"). The Township reissued the Authority's outstanding debt which allowed for roughly \$5.5 million in reserved funds and operational surplus to be made available for tax relief and rate stabilization. The Township anticipates savings of over \$700,000 annually through the consolidation of services between the municipality and the newly-formed Township Water Utility.

The 2010 budget featured a reduction in overall budgeted salaries from 2009 levels of \$245,650 or 1.64%. The Township continues to operate administrative offices on a four (4) day work week and flexible shifts have been implemented within administrative areas to limit overtime costs. A new 1.5% health insurance contribution for groups covered by expired collective bargaining agreements is in effect. Township policy has been modified to reduce compensation for new hires not covered by collective bargaining agreements. The Township recently solidified a shared services agreement for \$150,000 per year for police patrols of State-owned property located within municipal borders. Also noteworthy is that ground has broken on a new high-profile commercial project which alone is estimated to add \$13 million in new tax ratables by 2012.

Despite policy changes and new initiatives, the Township has been burdened by actions of the State of New Jersey and, as a result, was forced to raise taxation by 9.9%, the maximum permitted under the 2010 levy cap calculation. The State of New Jersey reduced municipal aid by \$695,061 and imposed increases in New Jersey Pensions (\$1,323,992) and New Jersey State Health Benefit Plan (\$242,390). Absent these actions by the State, total budget appropriations were reduced by \$395,376. Moreover, the Township's deferred school taxes are still less than the maximum permitted by Statute.

The approval of a non-conforming debt service schedule by the Local Finance Board allows for a level debt service schedule over the course of the next decade while reducing the budget impact (as compared with the initial conforming schedule) in 2011. In preparation for 2011, the Township continues to pursue additional shared services arrangements and explore other non-tax sources of revenues. While it seems inevitable that the Township will, once again, face significant budgetary pressures and challenges for 2011, the Township will continue to be proactive and make the difficult decisions required to limit increases in operating expenses and salaries and wages. The ability of the Township to honor its debt service obligations will not be jeopardized as a result of operational changes that may be necessitated by the current economic climate surrounding either the Township of Marlboro or the State of New Jersey.

GENERAL INFORMATION OF THE TOWNSHIP OF MARLBORO IN THE COUNTY OF MONMOUTH, NEW JERSEY

GENERAL INFORMATION

Marlboro Township ("Township") was formed as a township by an Act of the New Jersey Legislature on February 17, 1848, from portions of Freehold Township, where English, Scottish and Dutch settlers established the first farms in the 1600s. The Township is named for the prevalence of marl, which was first discovered in the area in 1768. The Township's first industry was the export of the material, used primarily as fertilizer, throughout the state and by boat to New York and other parts of the country.

Following World War II, the State began to build and improve the roads infrastructure, and the Township gained population. Even until the 1970s, the Township remained largely rural in character, but then it became a growing exurban destination for people working in New York and in nearby large suburban corporations.

The Township has a total area of 30.6 square miles, all of it land. The strategic location of the Township within the major transportation corridor in the Northeast is an important factor in the development of the community. The Township has excellent transportation facilities with easy access to both the Garden State Parkway and the New Jersey Turnpike. Public bus lines and trains operate within the area, with regular service to Newark, New Jersey and New York City.

The Township has a diversity of business enterprises, including restaurants, shopping centers, industrial properties, office and professional buildings, and other businesses to support this predominantly residential community.

LOCAL GOVERNMENT

The Township is managed under a Mayor-Council form of government authorized under Plan E of the Faulkner Act of 1950. This form of government, adopted in 1953 by Township voters, provides for, among other things, the direct election of the Mayor and Council by the electorate, the separation of legislative power from administrative functions, and the employment of full-time professional personnel in finance, public safety, purchasing, administration and health and welfare. The Township Council consists of 5 elected officials serving four (4) year terms. At its reorganization meeting, the Council elects a President and Vice-President, each of whom serve a term of 1 year or until the election and qualification of a successor.

EDUCATION

PUBLIC SCHOOLS

The Township Board of Education is a K-8 school district which operates a pre-school, 5 elementary schools, and 2 middle schools. Marlboro High School is part of the Freehold Regional High School District. This Regional High School District also serves students from the Townships of Colts Neck, Freehold, Howell and Manalapan, and the Boroughs of Englishtown, Farmingdale and Freehold.

The Township schools, with a total enrollment of 6,119, are as follows:

Early Learning Center
Frank Defino Central
Frank J. Dugan Elementary
Asher Holmes Elementary
Marlboro Elementary
Robertsville Elementary
Marlboro Middle
Marlboro Memorial Middle

COLLEGES AND UNIVERSITIES

Situated in central New Jersey, the Township has the advantage of having the following colleges and universities within a distance of approximately 30 miles:

Rutgers University
Monmouth University
Georgian Court University
Brookdale Community College

PUBLIC SAFETY

POLICE SERVICES

The Township provides police protection on a 24-hour, 7 day a week basis with 70 police officers and 13 dispatchers who are assisted by 8 full- and part-time clerical and support staff. The police officers are equipped with modern and scientific crime-fighting equipment. They are trained in modern law enforcement techniques and are equipped to attend to the routine and emergency needs of the community.

HEALTH CARE FACILITIES

The Township is surrounded by a variety of hospitals providing first-class care to its residents:

CentraState Medical Center
Raritan Bay Medical Center
Bayshore Hospital

VOLUNTEER FIRST AID SERVICES

Volunteer first aid and ambulance service to Township residents is provided by 2 volunteer first aid squads. These squads serve the emergency health needs of the Township and are equipped with modern equipment and vehicles. The squads are supported by the Township and private contributions.

VOLUNTEER FIRE DEPARTMENT SERVICES

The Township has 4 volunteer fire departments who maintain a round-the-clock schedule and a continuous training program to keep all fire-fighting personnel abreast of the latest techniques.

The volunteer fire-fighting companies provide fire protection to Township residents and business. The companies have modern equipment and vehicles, operated by dedicated volunteers. The fire-fighting companies are supported by their own special district taxes.

MUNICIPAL OPERATIONS

Municipal services are provided by approximately 198 full-time employees, 16 part-time employees (including the Mayor, Deputy Mayor and Council), and 620 seasonal employees for the Township's Swim Pool Utility and Recreation Program. Personnel supervision is provided by each Department Head.

FINANCIAL/TAX ASSESSING

All assessments are continuously updated by the Township's Assessing Department employees to reflect current values.

The Township is responsible for the levying and collection of taxes on all taxable properties within its borders, including the tax levies for the county and school districts.

Property taxes are based on the municipality's assessor's valuation of real property, as confirmed by the Tax Board of the County in which a municipality is situated, and are levied for the calendar year. The taxes for municipal, local and regional school districts, and county purposes are combined into one levy, which is apportioned on the tax bill by rate and amount for taxpayer information only. A municipality remits 100% of county taxes, payable quarterly on the 15th days of February, May, August, and November. The school districts receive payments based on funding needs.

Tax bills for the second half of the current year's levy and an estimate, based on 50% of the levy for the first half of the following year, are mailed annually in June and are due in quarterly installments in the first days of August and November of the current year, and February and May of the following year. Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500 and, if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency, subject to any abatement or discount for the late payment of taxes as provided by law. Unpaid taxes or any municipal lien, on real property, are subject to a tax sale as of the eleventh day of the eleventh month in the fiscal year, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceeding in order to enforce tax collections or acquire title to the property.

UTILITY INFORMATION

UTILITY SERVICES

Utilities are provided to the Township by Jersey Central Power and Light Company, New Jersey Natural Gas Company, Cablevision, and AT&T. The Western Monmouth Utilities Authority, created by the Township and neighboring Manalapan Township, provides sewerage service to the Township. Water supply and distribution is provided by the Township, and by Gordon's Corner Water Company, a privately-owned water supplier.

RECREATION

The Township has more than 100 acres devoted to recreational facilities with another 30 acres of school property devoted to recreational use. The largest park in the Township is the Marlboro Country Park, which has 30 acres and includes 8 lighted tennis courts, 2 handball courts, a tot lot, a basketball court, and 2 ballfields. The Municipal Sports Complex, adjacent to the Township Municipal Complex, has 5 soccer fields, a tot lot, a football/soccer field, lighted baseball/football fields, and a shelter building. In addition, there are more than 600 acres of municipal zoned land which includes flood plains, wet lands, open spaces and conservation areas.

The Township conducts a full-scale recreational program for all ages, pre-school through senior citizen. Programs include summer camp for ages kindergarten-eighth, a special education summer camp, senior citizens activities program, a teen program, and athletic programs. In addition, special events are conducted including concerts, fireworks, and holiday events. The Township's recreation department operates, as a self-supporting utility, a community swimming pool operation. It consists of an Olympic-size swimming pool, diving pool, wading pool, and kiddie pool. The facilities also have a locker-changing area, snack bar, and playground area.

CONSTRUCTION COMPLETED JANUARY, 2005 TO DATE

The following table presents the commercial and industrial buildings which have been completed since January, 2005:

<u>Name of Company</u>	<u>Planned Use</u>	<u>Construction (sf)</u>
Mel Corp	Warehouse	5,100
Building Blocks	Day Care	8,002
Damons	Restaurant	7,191
Pino	Restaurant	2,843
Karlen Management	Office	1,980
Exclusive Plaza	Store	5,670
IR Illusions	Restaurant	996
ERN & Sons	Maintenance	4,320
Robertsville Bible Church	Worship	6,000
Wendy's	Restaurant	3,074
Dunkin Donuts	Retail/Restaurant	2,335
Lucas	Office/Maintenance	16,000
Winstanley	Retail Office	11,240
CVS	Retail	15,704
Marlboro Memorial	Office/Mausoleum	400
Rosenblatt	Office	3,296
Acme	Retail	8,100
Acme	Retail	7,940
Mt. Sinai Baptist Church	Worship	2,088
Commerce	Bank	3,700
First Washington	Bank	3,282
Lowe's	Retail	14,900
Chiropractor	Physical Therapy	5,000
Jireh Church	Worship	16,610
Cambridge Square	Retail Center	30,440
Hindu Temple	Worship	3,604
Triangle Business	Office	9,000
Triangle Business	Office	9,000
Triangle Business	Office	10,800
Gold Star Concrete	Office	3,040
Lucas Brothers	Maintenance/Office	12,136
Marlboro Animal Hospital	Hospital	7,449
LKLN	Office	10,000
LKLN	Office	14,800
Recovery Management	Residential Treatment	100,000
Maple Tree	Retail Center	13,000

Note: The above information was supplied by the Planning Department, Township of Marlboro

PLANNING BOARD APPROVAL

The following commercial and industrial establishments have received Planning Board approval (2005 to date) for substantial construction improvements as indicated below:

<u>Name of Company</u>	<u>Construction (sf)</u>
Triangle Business Park	102,800
Marlboro Historical Redevelopment	390 sf addition
Alex Corporate Center	10,000
Lucas Development	11,375
Wertheim	48,135
Landkor	15,883 sf addition
Costco	145,267
Rite Aid	14,564
Marlboro Corporate Center	92,125
Lucas Construction	8,752
Ambten Road	22,430
J. Morgan Chase Bank	4,610
American Equities Bank	4,025
Marlboro Tennis & Training	52,121
Gordons Corner Water	2,160 sf garage
Knowledge Beginnings	9,975
Shamrock/Fireside Bar & Grill	4,775 sf (Phase 1) 1,888 sf (Phase 2)
Dallenbach Sand	27,780

Note: The above information was supplied by the Planning Board, Township of Marlboro

POPULATION TRENDS

1950 Federal Census	6,359
1960 Federal Census	8,038
1970 Federal Census	12,273
1980 Federal Census	17,560
1990 Federal Census	27,974
2000 Federal Census	36,398

LARGEST TAXPAYERS – 2009

<u>Property Owner</u>	<u>2009 Assessed Valuation</u>	<u>Percentage of Assessed Value of Real Property</u>
Marlboro Plaza Associates	\$ 20,381,600	0.640%
Union Hill Nine	13,049,200	0.410
TMC Marlboro	11,762,200	0.369
Brooks Edge Plaza	6,384,400	0.200
Marlboro Loews Retail	6,381,000	0.200
Lucas Development	5,911,300	0.186
Rosemont Estates	5,404,600	0.170
Sunrise Marlboro Assisted Living	4,400,000	0.138
Verizon	4,173,654	0.131
Triangle Business Park	4,061,200	0.128

Source: Tax Assessor's Office, Township of Marlboro

LARGEST EMPLOYERS – 2009

<u>Employer</u>	<u>Number of Employees</u>
Marlboro Township Board of Education	886
Shop Rite	268
Freehold Regional Board of Education	232
Marlboro Township	225
Lowe's	161
Pathmark	137
Home Depot	117
Acme	102
Arrow Woven Label, Inc.	62
Century 21 – Mack Morris Iris	55

Source: Community Development Officer, Township of Marlboro

STATEMENT OF BONDED INDEBTEDNESS
As of December 31, 2009

GROSS DEBT

School Debt

Local Issued and Outstanding	\$ 36,940,000.00	
Regional Issued and Outstanding (A)	<u>10,489,470.61</u>	\$ 47,429,470.61

Municipal Debt (Other)

Utility Debt (Self-Liquidating)	24,946,250.00	
Serial Bonds		
Issued and Outstanding	10,603,000.00	
Bond Anticipation Notes	15,750,000.00	
Bonds/Bond Anticipation Notes		
Authorized But Not Issued:		
General Improvements	3,927,853.28	
Green Trust Loans	<u>328,986.13</u>	<u>55,556,089.41</u>

TOTAL GROSS DEBT 102,985,560.02

DEDUCTIONS

For School Purposes:

School Debt	47,429,470.61	
Utility Debt (Self-Liquidating)	24,946,250.00	
Open Space Trust Fund	2,558,650.00	
Reserve for Debt Service	<u>16,331.71</u>	<u>74,950,702.32</u>

STATUTORY NET DEBT \$ 28,034,857.70

(A) **Computation of Regional School Debt**

<u>Municipality</u>	<u>Average Equalized Valuations</u>	<u>Percentage</u>	<u>Debt Outstanding</u>
Freehold Regional			
Colts Neck Township	\$ 3,391,288,503	10.40%	\$ 4,666,943.96
Farmingdale Borough	153,580,106	0.47	211,350.27
Freehold Borough	1,226,328,279	3.76	1,687,619.72
Freehold Township	6,557,348,319	20.11	9,023,937.97
Howell Township	7,016,425,049	21.52	9,655,699.43
Manalapan Township	6,396,169,226	19.62	8,802,130.31
Marlboro Township	7,622,294,465	23.38	10,489,470.61
Englishtown Borough	<u>241,867,630</u>	<u>0.74</u>	<u>332,847.73</u>
	<u>\$ 32,605,301,577</u>	<u>100.00%</u>	<u>\$ 44,870,000.00</u>

OVERLAPPING DEBT

Monmouth County	\$ 28,188,690.85
Western Monmouth Utilities Authority	<u>7,899,749.56</u>

Total Overall Debt	<u>\$ 64,123,298.11</u>
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Average of Equalized Assessed Valuation of Real Property (2007, 2008, 2009) (State Certified Valuation)	<u>\$ 7,622,294.465</u>
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Net Debt as a Percentage of Said Average Equalized Valuations (Statutory Net Debt)	0.37%
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Total Overall Debt as a Percentage of Said Average Equalized Valuations (Total Overall Debt)	0.84%
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Equalized Valuation of Real Property (Year 2009)	<u>\$ 7,584,031.317</u>
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Net Debt as a Percentage of Said Assessed Equalized Valuation (Year 2009 Valuation) (Statutory Net Debt)	0.37%
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The overlapping debt applicable to Monmouth County was computed based upon final Equalized Tax Table.

	Valuations	
	County	Township
Communication Equipment	\$ 226,589,588	\$ 4,173,653
Land	54,694,538,350	972,402,950
Improvements	51,410,962,900	2,212,131,800
Deductions	(331,911,845)	0
Additions	<u>23,020,424,288</u>	<u>4,590,244,458</u>
	<u>\$ 129,020,603,231</u>	<u>\$ 7,778,952,861</u>

Percentage of Equalized Assessed Valuation	6.029233%
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Outstanding Net Debt: Net Debt as of December 31, 2009 (County Debt)	<u>\$ 467,533,612.41</u>
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Municipal Share of County Debt Based on Percentage of Equalized Valuation	<u>\$ 28,188,690.85</u>
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CURRENT YEAR'S TAX COLLECTION DATA

<u>Year</u>	<u>Amount of Levy</u>	<u>Cash Collected Year of Levy</u>	<u>Percentage Collected Year of Levy</u>
2004	\$ 111,321,987.26	\$ 109,977,691.71	98.79%
2005	119,436,560.59	118,588,169.55	99.29
2006	128,157,542.00	127,052,817.83	99.13
2007	131,764,756.26	130,672,122.40	99.02
2008	133,893,737.41	132,382,293.90	98.89
2009	135,373,142.72	133,787,392.95	98.83

Source: Township of Marlboro Audit Reports

DELINQUENT TAX COLLECTION DATA

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2004	\$ 96,198.73	\$ 1,296,376.30	\$1,392,575.33	1.25%
2005	144,959.23	862,646.26	1,007,605.49	.84
2006	120,875.72	1,101,085.33	1,221,961.05	.95
2007	114,703.26	952,205.24	1,066,908.50	.81
2008	125,655.01	1,488,907.55	1,614,562.56	1.21
2009	136,649.61	1,454,787.48	1,591,437.09	1.18

Source: Township of Marlboro Audit Reports

COMPARATIVE TAX RATE AND NET ASSESSED VALUE

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Tax Rate</u>	<u>Municipal</u>	<u>Municipal Open Space</u>	<u>County</u>	<u>Local School</u>	<u>Regional High School</u>
2004	\$ 2,943,126,361	3.635	.433	.020	.667	1.725	.790
2005	3,017,281,871	3.840	.513	.020	.658	1.832	.817
2006	3,081,216,619	4.037	.533	.020	.637	2.013	.834
2007	3,131,514,009	4.099	.544	.020	.641	2.043	.851
2008	3,157,721,264	4.129	.626	.020	.567	2.073	.843
2009	3,188,708,404	4.144	.588	.020	.639	2.070	.827

Source: Township of Marlboro Audit Reports

**PROPERTY ACQUIRED BY
TAX TITLE LIEN LIQUIDATION**

<u>Year</u>	<u>Amount</u>
2004	\$ 802,400.00
2005	802,400.00
2006	802,400.00
2007	802,400.00
2008	802,400.00
2009	802,400.00

Source: Township of Marlboro Audit Reports

**COMPARATIVE SCHEDULE OF FUND BALANCES
(CURRENT FUND)**

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2004	\$ 7,375,121.60	\$ 5,606,170.00
2005	8,456,535.39	6,500,000.00
2006	9,187,580.89	6,592,300.00
2007	10,589,199.69	8,129,167.75
2008	5,622,961.10	5,000,000.00
2009	2,893,148.61	1,410,412.80

(SWIMMING POOL UTILITY FUND)

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2004	\$ 357,804.01	\$ 190,737.00
2005	701,569.06	334,000.00
2006	655,996.50	367,500.00
2007	514,161.27	357,500.00
2008	288,878.33	285,000.00
2009	453,288.42	331,250.00

Source: Township of Marlboro Audit Reports

BREAKDOWN OF 2009 RATABLES AND LEVY

	<u>Assessed Valuation</u>	<u>Percentage</u>	<u>Percentage Commercial, Apartments and Industrial</u>
Vacant	\$ 43,870,600	1.38%	
Residential	2,899,810,000	91.06	
Farm	17,033,650	0.53	
Commercial	179,521,700	5.64	80.21%
Industrial	40,955,700	1.29	18.30
Apartments	<u>3,343,100</u>	<u>0.10</u>	<u>1.49</u>
TOTAL	<u>\$ 3,184,534,750</u>	<u>100.00%</u>	<u>100.00%</u>

(Does not include the taxable value of machinery, implements and equipment of telephone, telegraph and messenger systems companies -- Assessed Valuation in the amount of \$4,173,653).

2009 TAX LEVY

		<u>Tax Rate</u>
County Taxes	\$ 20,357,300.35	0.639
District School Tax	66,006,077.00	2.070
Regional School Tax	26,385,094.87	0.827
Municipal Open Space Tax	625,456.67	0.020
Municipal Tax	<u>18,744,655.69</u>	<u>0.588</u>
	<u>\$ 132,118,584.58</u>	<u>4.144</u>

Source: Monmouth County 2009 Abstract of Ratables

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 (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 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 American Recovery and Reinvestment Act of 2009, is not 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.

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 obligations, 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 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 obligations is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service (the “IRS”) has established an expanded audit program for tax-exempt bonds, such as the 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 obligations of the Township will not have an adverse effect on the tax-exempt status or market price of the Bonds or on the Township.

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

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to 11 U.S.C. § 101 et seq., as amended and supplemented (the “Bankruptcy Code”), and other bankruptcy laws affecting creditors’ rights and municipalities in general. The Bankruptcy Code permits any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner’s creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; and provides that the plan must be accepted in writing by or on behalf of a class of creditors holding at least two-thirds in amount and more than one-half in number of the listed creditors of that class. The Bankruptcy Code specifically does not limit or impair the power of a state to control legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Code.

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

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

The Township has not authorized the filing of a bankruptcy petition. This reference to the Bankruptcy Code or the State statute should not create any implication that the Township expects to utilize the benefits of their provisions, or that if utilized, such action would be approved by the Local Finance Board, or that any proposed plan would include a dilution of the source of payment of and security for the Bonds, or that the Bankruptcy Code could not be amended after the date hereof.

LITIGATION

There is no litigation pending or, to the knowledge of the Township Attorney, threatened, restraining or enjoining the issuance, sale or the delivery of the Bonds or the levy or the collection of any taxes to pay the principal of and the interest on the Bonds or in any manner questioning the authority or the proceedings for the issuance, sale or delivery of the Bonds or for the levy or the collection of said taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of its present officers. There is no pending or threatened litigation that would have a material adverse impact on the financial condition of the Township if adversely decided. A certificate to such effect will be executed by the Township Attorney and delivered to the Underwriter of the Bonds at the closing.

CONTINUING 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. Such information shall be provided in an electronic format and accompanied by identifying information as prescribed by 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 C - Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC"). The Township has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

NO DEFAULT

There is no record of default in the payment of the principal of or interest on bonds or notes of the Township.

FINANCIAL ADVISOR

Hutchins, Farrell, Meyer & Allison, P.A. has served as Financial Advisor to the Township with respect to the issuance of the Bonds (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in the Official Statement and the appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

APPROVAL OF LEGAL PROCEEDINGS

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

RATING

Moodys Investors Service, Inc., (the "Rating Agency") has assigned a rating of "_____" on the Bonds.

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Township furnished the Rating Agency with certain information and materials concerning the Bonds and the Township. Generally, the Rating Agency bases its rating on such information and materials and also on such investigations, studies and assumptions that it may undertake independently. There can be no assurance that any such rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

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

The financial statements of the Township as of and for the year ended December 31, 2009 are presented in Appendix A to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Wiss & Company, LLP, Iselin, New Jersey, an independent auditor, as stated in their report appearing in Appendix A to this Official Statement. Wiss & Company, LLP did not audit the financial statements of the Township for the year ended December 31, 2008. The financial statements referred to in the immediately preceding sentence were audited by other auditors, and Wiss & Company, LLP's opinion, insofar as it relates to the amounts included in the Township's financial statements for the year ended December 31, 2008, is based solely on the report of other auditors. Such financial statements are included herein for information purposes only, and the information contained in these financial statements should not be used to modify the description of the security for the Bonds contained herein.

Wiss & Company, LLP has not participated in the preparation of this Official Statement, except to the extent as previously stated.

All other information has been obtained from sources which Hutchins, Farrell, Meyer & Allison, P.A. considers to be reliable but it makes no warranty, guarantee or other representation with respect to the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

FINANCIAL STATEMENTS

Appendix A contains certain condensed financial data of the Township for the Township's fiscal years ending December 31, 2004 through December 31, 2009. Such financial data for the years ending December 31, 2004 through December 31, 2008 was audited by Hutchins, Farrell, Meyer & Allison, P.A., Certified Public Accountants and Registered Municipal Accountants, Freehold, New Jersey, and for the year ended December 31, 2009 by Wiss & Company, LLP, Iselin, New Jersey to the extent and for the period set forth in their report appearing in Appendix A, and are included herein in reliance upon the authority of such firm.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Ulrich Steinberg, Chief Financial Officer, Township of Marlboro, 1979 Township Drive, Marlboro, New Jersey 07746, telephone 732/536-0200.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Township and the purchasers or holders of any of the Bonds. 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.

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

By: _____
Ulrich Steinberg
Chief Financial Officer

Date: _____, 2010

APPENDIX A



Report of Independent Auditors on Financial Statements

Honorable Mayor and Members
of the Township Council
Township of Marlboro
Monmouth County, New Jersey

We have audited the accompanying regulatory-basis financial statements of the Township of Marlboro (the "Township"), County of Monmouth, New Jersey, as of December 31, 2009 and for the year then ended, listed as financial statement exhibits in the foregoing table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit. The regulatory-basis financial statements of the Township as of and for the year ended December 31, 2008 were audited by other auditors whose report thereon dated July 30, 2009, expressed a qualified opinion on those statements in accordance with accounting practices prescribed by the Division on Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the accounting practices prescribed by the Division.


Except as discussed in the following two paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and in compliance with audit requirements prescribed by the Division. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed by the Division, which practices differ from accounting principles generally accepted in the United States of America. The effects of the differences from accounting principles generally accepted in the United States of America are not reasonably determinable. In addition, the financial statements of the Length of Services Award Program Trust Fund ("LOSAP") have not been audited and were not required by the Division to be audited and we were not engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township's financial statements. The LOSAP Trust Fund financial activities are included in the Township's Trust Fund, and represent 2.10% and 1.62% of the assets and liabilities of the Township's Trust Funds as of December 31, 2009 and 2008, respectively.

The Township did not update its General Fixed Assets files as of December 31, 2009. Accordingly, we were unable to satisfy ourselves as to the carrying values of the Township's General Fixed Assets Account Group. The amount that should have been reported as General Fixed Assets using the guidelines prescribed by the Division cannot be reasonably determined.

In our opinion, because of the effects of the use of prescribed accounting practices that differ from accounting principles generally accepted in the United States of America as described in the second preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 or the results of its operations and changes in its fund balance for the year then ended.

Also in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund and General Fixed Assets Account Group financial statements been audited, the financial statements referred to above present fairly, in all material respects, the financial position of the Township as of December 31, 2009, and the results of its operations and changes in its fund balance for the year then ended, in conformity with the accounting practices prescribed by the Division as described in Note 1.



David J. Gannon
Registered Municipal Accountant
No. 520



WISS & COMPANY, LLP

Iselin, New Jersey
August 5, 2010

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Robert H. Hutchins, CPA, CVA
Eugene M. Farrell, CPA, RMA, CFP
Robert W. Allison, CPA, RMA
Alan E. Meyer, CPA/ABV
Joann DiLieto, CPA

Patrice R. Antonucci, CPA
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REPORT OF INDEPENDENT ACCOUNTANTS ON CONDENSED FINANCIAL STATEMENTS

Honorable Mayor and Members of
the Township Council
Township of Marlboro, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, the Balance Sheets – Regulatory Accounting Basis of the Current Fund, Trust Fund, General Capital Fund, Swimming Pool Utility Fund, Payroll Fund and General Fixed Assets Account Group of the Township of Marlboro, County of Monmouth as of December 31, 2008, and the related Statement of Operations and Changes in Fund Balance – Regulatory Accounting Basis of the Current Fund and Swimming Pool Utility Fund for the year ended December 31, 2008 (none of which is presented separately herein). In our report dated July 30, 2009, we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to differences between those principles and the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and an unqualified opinion on a regulatory basis.

In our opinion, the information set forth in the accompanying condensed financial statements is fairly stated in all material respects in relation to the financial statements from which it has been derived.

Hutchins, Farrell, Meyer & Allison, P.A.

Independent Auditors



Eugene M. Farrell
Registered Municipal Accountant
(#409)

July 30, 2009

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Assets</u>	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
Cash	\$ 11,279,197.97	\$ 11,797,662.18	\$ 16,353,727.89	\$ 16,056,147.19	\$ 13,545,907.70
Cash - Change Funds	400.00	400.00	400.00	400.00	400.00
Due From State of New Jersey:					
Senior Citizens' and Veterans' Deductions	9,432.89	7,846.36	7,904.66	8,529.21	8,303.51
Homeland Security			140,000.00		
	<u>11,289,030.86</u>	<u>11,805,908.54</u>	<u>16,502,032.55</u>	<u>16,065,076.40</u>	<u>13,554,611.21</u>
Receivables and Other Assets With Full Reserves:					
Delinquent Property Taxes Receivable	1,454,787.48	1,488,907.55	952,205.24	1,101,085.33	862,646.26
Tax Title Liens Receivable	136,649.61	125,655.01	114,703.26	120,875.72	144,959.23
Due From Monmouth County Improvement Authority	175,468.34	158,275.57	50,722.11	85,407.31	81,978.91
Property Acquired for Taxes - Assessed Valuation	802,400.00	802,400.00	802,400.00	802,400.00	802,400.00
Revenue Accounts Receivable	34,033.37	32,515.75	26,641.04	36,575.91	38,104.29
Due From Fire District #1	5,000.00				
Interfunds Receivable	8,100.00	3,300.00	25,959.87	25,000.00	25,000.00
	<u>2,616,438.80</u>	<u>2,611,053.88</u>	<u>1,972,631.52</u>	<u>2,171,344.27</u>	<u>1,955,088.69</u>
Deferred Charges:					
Special Emergency Authorizations	905,000.00	1,210,000.00	315,000.00	420,000.00	525,000.00
	<u>14,810,469.66</u>	<u>15,626,962.42</u>	<u>18,789,664.07</u>	<u>18,656,420.67</u>	<u>16,034,699.90</u>
Federal and State Grant Fund:					
Due From:					
Current Fund	329,212.81	279,333.88	410,980.56	446,803.28	804,653.02
General Capital Fund	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Grants Receivable	1,702,812.85	1,397,821.06	1,584,710.06	1,378,058.48	488,499.61
	<u>2,034,025.66</u>	<u>1,679,154.94</u>	<u>1,997,690.62</u>	<u>1,826,861.76</u>	<u>1,295,152.63</u>
Total Assets	<u>\$ 16,844,495.32</u>	<u>\$ 17,306,117.36</u>	<u>\$ 20,787,354.69</u>	<u>\$ 20,483,282.43</u>	<u>\$ 17,329,852.53</u>

See accompanying notes.

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Liabilities, Reserves and Fund Balance</u>	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
Appropriation Reserves	\$ 1,655,079.16	\$ 1,619,447.37	\$ 849,935.44	\$ 1,242,563.43	\$ 929,167.57
Accounts Payable	164,460.03	167,314.87	144,840.80	56,668.56	49,074.71
Encumbrances Payable	758,431.78	948,323.47	606,192.92	329,270.31	479,847.05
Prepaid Taxes	695,410.16	443,023.80	408,400.52	433,115.87	427,361.70
Tax Overpayments		308.97	2,193.34	500.00	20,713.10
County Taxes Payable	107,471.35	408,137.68	446,031.41	519,280.42	250,313.57
Local District School Tax Payable	3,317,547.00		125,602.50	2,834,330.00	1,414,301.21
Regional High School Tax Payable	1,329,972.49	1,355,936.55	2,108,079.78	74,201.99	202,019.81
Special District Tax Payable				10,797.44	78,363.60
Prepaid Licenses			6,921.40		
Due To State of New Jersey -					
Marriage License Fees	1,400.00	1,570.00	1,105.00	1,400.00	1,102.00
Reserve for:					
Tax Appeals		50,000.00	50,000.00	50,000.00	50,000.00
Tax Map	302,502.00	302,502.00	302,502.00	430,700.00	525,000.00
Various Reserves	610,895.47	1,816,948.85	765,047.19	835,526.64	226,489.77
Due To Federal and State Grant Fund	329,212.81	279,333.88	410,980.56	446,803.28	804,653.02
Interfunds Payable	28,500.00	100.00		32,337.57	164,668.71
	<u>9,300,882.25</u>	<u>7,392,947.44</u>	<u>6,227,832.86</u>	<u>7,297,495.51</u>	<u>5,623,075.82</u>
Reserve for Receivables	2,616,438.80	2,611,053.88	1,972,631.52	2,171,344.27	1,955,088.69
Fund Balance	<u>2,893,148.61</u>	<u>5,622,961.10</u>	<u>10,589,199.69</u>	<u>9,187,580.89</u>	<u>8,456,535.39</u>
	<u>14,810,469.66</u>	<u>15,626,962.42</u>	<u>18,789,664.07</u>	<u>18,656,420.67</u>	<u>16,034,699.90</u>
Federal and State Grant Fund:					
Reserve for:					
State Grants - Appropriated	1,956,349.42	1,628,589.09	1,960,396.19	1,797,629.74	1,257,080.98
State Grants - Unappropriated	77,676.24	50,565.85	37,294.43	29,232.02	38,071.65
	<u>2,034,025.66</u>	<u>1,679,154.94</u>	<u>1,997,690.62</u>	<u>1,826,861.76</u>	<u>1,295,152.63</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 16,844,495.32</u>	<u>\$ 17,306,117.36</u>	<u>\$ 20,787,354.69</u>	<u>\$ 20,483,282.43</u>	<u>\$ 17,329,852.53</u>

See accompanying notes.

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
<u>Revenue and Other Income Realized</u>					
Fund Balance Utilized	\$ 5,200,000.00	\$ 8,129,167.75	\$ 6,592,300.00	\$ 6,500,000.00	\$ 5,606,170.00
Miscellaneous Revenue Anticipated	6,953,520.83	6,756,490.53	9,482,182.81	8,936,108.06	7,020,199.42
Receipts From Delinquent Taxes	1,400,019.38	900,410.67	1,074,920.99	839,327.35	1,246,855.31
Receipts From Current Taxes	133,787,392.95	132,382,293.90	130,672,122.40	127,052,817.83	118,588,169.55
Non-Budget Revenue	93,154.37	388,783.50	344,085.21	404,570.90	114,948.86
Other Credits To Income:					
Refund of Prior Year Expenditure					39.10
Due From Monmouth County Improvement Authority	12,706.57	136,336.45	34,685.20		
Prior Year Senior Citizens Deduction Allowed				250.00	
Interfunds Returned	3,300.00	25,959.87	25,000.00	25,000.00	284,617.19
Prior Year County Tax Payable Cancelled	246,588.41				
Unexpended Balance of Appropriation Reserves	1,331,692.02	638,761.11	696,838.94	735,792.96	972,898.00
Taxes Payable Cancelled			10,797.44	78,363.60	
Grants Appropriated Cancelled				568,991.41	6,154.75
	<u>149,028,374.53</u>	<u>149,358,203.78</u>	<u>148,932,932.99</u>	<u>145,141,222.11</u>	<u>133,840,052.18</u>
<u>Expenditures</u>					
Municipal Operations	30,486,615.98	32,163,210.39	31,172,033.99	29,830,861.17	27,243,060.14
County Taxes	20,357,300.35	19,788,357.92	20,087,993.67	19,616,408.75	19,828,587.08
Amount Due For Added and Omitted Taxes	107,471.35	154,898.50	192,792.93	266,041.94	250,307.47
Local District School Taxes	65,898,624.00	62,588,767.00	62,418,986.00	60,115,741.79	53,373,708.00
Regional High School Taxes	26,492,547.87	28,198,338.93	24,281,443.25	25,304,868.72	24,154,039.58
Special District Taxes	2,535,298.75	2,426,360.00	2,131,266.00	2,092,356.00	2,117,613.16
Municipal Open Space Taxes	625,456.67	625,456.67	625,456.67	616,243.33	611,058.34
Prior Year Senior Citizens Deduction Disallowed	250.00	2,445.30	2,772.30		
Due From Monmouth County Improvement Authority	29,899.34	243,889.91		3,428.40	
Advance To Fire District #1	5,000.00				
Interfund Advances	8,100.00	3,300.00	25,959.87	25,000.00	25,000.00
Refund of Prior Year Revenue	11,622.71	250.00	309.51	37,450.00	64,697.90
Grants Receivable Cancelled				1,776.51	9,396.72
	<u>146,558,187.02</u>	<u>146,195,274.62</u>	<u>140,939,014.19</u>	<u>137,910,176.61</u>	<u>127,677,468.39</u>
Excess in Revenue	2,470,187.51	3,162,929.16	7,993,918.80	7,231,045.50	6,162,583.79

See accompanying notes.

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
Add: Expenditures Included Above Which Are By Statute Deferred Charges To Budgets of Succeeding Years	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>525,000.00</u>
Statutory Excess To Fund Balance	2,470,187.51	3,162,929.16	7,993,918.80	7,231,045.50	6,687,583.79
Fund Balance, January 1	<u>5,622,961.10</u>	<u>10,589,199.69</u>	<u>9,187,580.89</u>	<u>8,456,535.39</u>	<u>7,375,121.60</u>
	8,093,148.61	13,752,128.85	17,181,499.69	15,687,580.89	14,062,705.39
Decreased By:					
Utilized as Anticipated Revenue	<u>5,200,000.00</u>	<u>8,129,167.75</u>	<u>6,592,300.00</u>	<u>6,500,000.00</u>	<u>5,606,170.00</u>
Fund Balance, December 31	<u>\$ 2,893,148.61</u>	<u>\$ 5,622,961.10</u>	<u>\$ 10,589,199.69</u>	<u>\$ 9,187,580.89</u>	<u>\$ 8,456,535.39</u>

See accompanying notes.

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Assets</u>	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
Animal Control Trust Fund:					
Cash	\$ 14,062.23	\$ 1,370.81	\$ 19,885.11	\$ 18,040.56	\$ 10,416.53
Deficit in Animal Control Fund Expenditures		2,210.59	5,311.09	7,090.84	14,642.27
	<u>14,062.23</u>	<u>3,581.40</u>	<u>25,196.20</u>	<u>25,131.40</u>	<u>25,058.80</u>
Escrow Deposit Trust Fund:					
Cash	4,093,575.79	5,225,969.88	4,609,254.41	5,203,526.06	5,448,927.66
Due From Current Fund		100.00			
	<u>4,093,575.79</u>	<u>5,226,069.88</u>	<u>4,609,254.41</u>	<u>5,203,526.06</u>	<u>5,448,927.66</u>
Open Space Trust Fund:					
Cash and Cash Equivalents	2,893,326.14	452,735.35	1,105,026.03	2,508,843.67	2,381,002.00
Due From Capital Fund		864,863.31			
	<u>2,893,326.14</u>	<u>1,317,598.66</u>	<u>1,105,026.03</u>	<u>2,508,843.67</u>	<u>2,381,002.00</u>
Trust - Other Fund:					
Cash and Cash Equivalents	16,923,758.47	16,142,085.80	17,018,224.65	15,742,590.39	14,494,759.96
Due From Current Fund	28,500.00	500,000.00		32,337.57	164,668.71
	<u>16,952,258.47</u>	<u>16,642,085.80</u>	<u>17,018,224.65</u>	<u>15,774,927.96</u>	<u>14,659,428.67</u>
Length of Service Award Program Fund ("LOSAP") - Unaudited:					
Investments	<u>513,102.43</u>	<u>382,066.19</u>	<u>321,596.70</u>	<u>304,510.71</u>	<u>208,738.09</u>
Total Assets	<u>\$ 24,466,325.06</u>	<u>\$ 23,571,401.93</u>	<u>\$ 23,079,297.99</u>	<u>\$ 23,816,939.80</u>	<u>\$ 22,723,155.22</u>

See accompanying notes.

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

TRUST FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
<u>Liabilities and Reserves</u>					
Animal Control Trust Fund:					
Due To:					
Current Fund		\$ 3,300.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
State of New Jersey	\$ 275.40		196.20	131.40	58.80
Reserve for Animal Control					
Fund Expenditures	<u>13,786.83</u>	<u>281.40</u>			
	<u>14,062.23</u>	<u>3,581.40</u>	<u>25,196.20</u>	<u>25,131.40</u>	<u>25,058.80</u>
Escrow Deposit Trust Fund:					
Reserve for Deposits	<u>4,093,575.79</u>	<u>5,226,069.88</u>	<u>4,609,254.41</u>	<u>5,203,526.06</u>	<u>5,448,927.66</u>
	<u>4,093,575.79</u>	<u>5,226,069.88</u>	<u>4,609,254.41</u>	<u>5,203,526.06</u>	<u>5,448,927.66</u>
Open Space Trust Fund:					
Reserve for Open Space	<u>2,893,326.14</u>	<u>1,317,598.66</u>	<u>1,105,026.03</u>	<u>2,508,843.67</u>	<u>2,381,002.00</u>
	<u>2,893,326.14</u>	<u>1,317,598.66</u>	<u>1,105,026.03</u>	<u>2,508,843.67</u>	<u>2,381,002.00</u>
Trust - Other Fund:					
Due To:					
Current Fund	8,100.00		959.87		
State of New Jersey -					
DCA Training Fees	11,690.00	8,551.00	13,910.00	12,402.00	16,133.00
Various Reserves	<u>16,932,468.47</u>	<u>16,633,534.80</u>	<u>17,003,354.78</u>	<u>15,762,525.96</u>	<u>14,643,295.67</u>
	<u>16,952,258.47</u>	<u>16,642,085.80</u>	<u>17,018,224.65</u>	<u>15,774,927.96</u>	<u>14,659,428.67</u>
Length of Service Award Program					
Fund ("LOSAP") - Unaudited:					
Miscellaneous Reserves	<u>513,102.43</u>	<u>382,066.19</u>	<u>321,596.70</u>	<u>304,510.71</u>	<u>208,738.09</u>
Total Liabilities and Reserves	<u>\$ 24,466,325.06</u>	<u>\$ 23,571,401.93</u>	<u>\$ 23,079,297.99</u>	<u>\$ 23,816,939.80</u>	<u>\$ 22,723,155.22</u>

See accompanying notes.

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL CAPITAL FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
<u>Assets</u>					
Cash	\$ 3,466,194.41	\$ 160,814.99	\$ 2,254,754.27	\$ 3,845,542.11	\$ 5,350,247.60
Due From Swimming Pool Utility Capital Fund	250,000.00	250,000.00	250,000.00		
Deferred Charges To Future Taxation:					
Funded	10,931,986.13	12,808,941.04	14,628,463.35	16,389,561.59	18,106,244.11
Unfunded	19,677,853.28	18,126,028.28	17,370,018.28	12,255,693.28	8,911,010.15
Deferred Charges:					
Overexpenditure of Capital Improvement Fund				140,766.67	
Total Assets	<u>\$ 34,326,033.82</u>	<u>\$ 31,345,784.31</u>	<u>\$ 34,503,235.90</u>	<u>\$ 32,631,563.65</u>	<u>\$ 32,367,501.86</u>
<u>Liabilities, Reserves and Fund Balance</u>					
General Serial Bonds	\$ 10,603,000.00	\$ 12,458,000.00	\$ 14,256,000.00	\$ 15,996,000.00	\$ 17,692,000.00
Bond Anticipation Notes Payable	15,750,000.00	9,950,000.00	10,316,325.00	4,427,000.00	4,427,000.00
Due To:					
Trust - Open Space		864,863.31			
Stormwater Trust Fund		500,000.00			
Federal and State Grant Fund	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Green Trust Loan Payable	328,986.13	350,941.04	372,463.35	393,561.59	414,244.11
Improvement Authorizations:					
Funded	1,546,072.51	1,631,281.84	2,498,189.33	3,712,220.39	5,017,094.50
Unfunded	4,640,144.46	4,144,114.61	6,379,401.35	6,623,341.06	3,779,077.50
Capital Improvement Fund	62,500.00	150,000.00			43,533.33
Various Reserves	942,786.22	692,561.51	661,439.08	733,497.88	956,589.55
Fund Balance	<u>450,544.50</u>	<u>602,022.00</u>	<u>17,417.79</u>	<u>743,942.73</u>	<u>35,962.87</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 34,326,033.82</u>	<u>\$ 31,345,784.31</u>	<u>\$ 34,503,235.90</u>	<u>\$ 32,631,563.65</u>	<u>\$ 32,367,501.86</u>

See accompanying notes.

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

SWIMMING POOL UTILITY FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Assets</u>	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
Operating Fund:					
Cash	\$ 816,156.57	\$ 920,371.02	\$ 828,059.81	\$ 924,325.21	\$ 1,058,063.12
Change Fund	<u>200.00</u>	<u>200.00</u>	<u>200.00</u>	<u>200.00</u>	<u>200.00</u>
	<u>816,356.57</u>	<u>920,571.02</u>	<u>828,259.81</u>	<u>924,525.21</u>	<u>1,058,263.12</u>
Due From Swimming Pool Utility Capital Fund				<u>132,928.80</u>	
				<u>132,928.80</u>	
Total Operating Fund	<u>816,356.57</u>	<u>920,571.02</u>	<u>828,259.81</u>	<u>1,057,454.01</u>	<u>1,058,263.12</u>
Capital Fund:					
Cash	15,772.61	15,772.61	15,772.61	26,976.41	22,680.80
Fixed Capital	3,087,935.45	3,087,935.45	3,087,811.25	2,878,823.95	2,701,146.07
Fixed Capital Authorized and Uncompleted	168,532.00	168,532.00	168,532.00	296,807.00	446,250.00
Due From Swimming Pool Utility Operating Fund					<u>20,809.81</u>
Total Capital Fund	<u>3,272,240.06</u>	<u>3,272,240.06</u>	<u>3,272,115.86</u>	<u>3,202,607.36</u>	<u>3,190,886.68</u>
Total Assets	<u>\$ 4,088,596.63</u>	<u>\$ 4,192,811.08</u>	<u>\$ 4,100,375.67</u>	<u>\$ 4,260,061.37</u>	<u>\$ 4,249,149.80</u>

See accompanying notes.

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

SWIMMING POOL UTILITY FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Liabilities, Reserves and Fund Balance</u>	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
Operating Fund:					
Appropriation Reserves	\$ 123,489.62	\$ 336,700.87	\$ 75,175.74	\$ 62,798.09	\$ 34,066.59
Encumbrances Payable	51,850.79	51,817.45	36,197.97	62,967.63	21,526.46
Sales Tax Payable				16,457.64	
Accounts Payable	35,227.16	26,269.66			
Due To Swimming Pool Utility Capital Fund					20,809.81
Prepaid Membership Fees	147,552.00	196,858.00	182,692.00	239,916.07	259,825.00
Customer Deposits		13,595.00	13,595.00	13,595.00	13,595.00
Prepaid Guest Book Fees	780.00	1,080.00	990.00	1,215.00	1,395.00
Prepaid Miscellaneous Fees	625.00	1,650.00	1,548.00	1,650.00	2,440.00
Security Deposit	3,543.58	3,543.58	3,543.58	2,323.70	2,323.70
Accrued Interest on Bonds		178.13	356.25	534.38	712.50
	363,068.15	631,692.69	314,098.54	401,457.51	356,694.06
Fund Balance	<u>453,288.42</u>	<u>288,878.33</u>	<u>514,161.27</u>	<u>655,996.50</u>	<u>701,569.06</u>
Total Operating Fund	<u>816,356.57</u>	<u>920,571.02</u>	<u>828,259.81</u>	<u>1,057,454.01</u>	<u>1,058,263.12</u>
Capital Fund:					
Serial Bonds		10,000.00	20,000.00	30,000.00	40,000.00
Improvement Authorizations:					
Unfunded	168,532.00	168,532.00	168,532.00	296,807.00	446,250.00
Due To:					
Swimming Pool Utility Operating Fund				132,928.80	
General Capital Fund	250,000.00	250,000.00	250,000.00		
Reserve for:					
Capital Outlay	43,490.61	43,490.61	43,490.61	43,490.61	43,490.61
Amortization	<u>2,810,217.45</u>	<u>2,800,217.45</u>	<u>2,790,093.25</u>	<u>2,699,380.95</u>	<u>2,661,146.07</u>
Total Capital Fund	<u>3,272,240.06</u>	<u>3,272,240.06</u>	<u>3,272,115.86</u>	<u>3,202,607.36</u>	<u>3,190,886.68</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 4,088,596.63</u>	<u>\$ 4,192,811.08</u>	<u>\$ 4,100,375.67</u>	<u>\$ 4,260,061.37</u>	<u>\$ 4,249,149.80</u>

See accompanying notes.

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

SWIMMING POOL UTILITY OPERATING FUND

CONDENSED COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
Revenue and Other Income Realized:					
Fund Balance Utilized	\$ 285,000.00	\$ 357,500.00	\$ 367,500.00	\$ 334,000.00	\$ 190,737.00
Membership Fees	524,022.00	591,027.00	558,375.32	595,924.25	478,938.00
Recreation Lease	50,000.00	50,000.00	50,000.00	50,000.00	
Interest on Investments	194.29	8,072.52	18,430.63	22,207.64	12,992.56
Miscellaneous	261,559.39	226,804.37	186,427.44	190,479.37	186,074.78
Other Credits To Income:					
Prior Check Cancelled					12.00
Unexpended Balance of Appropriation Reserves	<u>338,456.28</u>	<u>75,627.55</u>	<u>43,265.75</u>	<u>45,600.56</u>	<u>392,164.08</u>
	<u>1,459,231.96</u>	<u>1,309,031.44</u>	<u>1,223,999.14</u>	<u>1,238,211.82</u>	<u>1,260,918.42</u>
Expenditures	<u>1,009,821.87</u>	<u>1,176,814.38</u>	<u>998,334.37</u>	<u>949,784.38</u>	<u>726,416.37</u>
Excess in Revenue	449,410.09	132,217.06	225,664.77	288,427.44	534,502.05
Fund Balance, January 1	<u>288,878.33</u>	<u>514,161.27</u>	<u>655,996.50</u>	<u>701,569.06</u>	<u>357,804.01</u>
	738,288.42	646,378.33	881,661.27	989,996.50	892,306.06
Decreased By:					
Utilized as Anticipated Revenue	<u>285,000.00</u>	<u>357,500.00</u>	<u>367,500.00</u>	<u>334,000.00</u>	<u>190,737.00</u>
Fund Balance, December 31	<u><u>\$ 453,288.42</u></u>	<u><u>\$ 288,878.33</u></u>	<u><u>\$ 514,161.27</u></u>	<u><u>\$ 655,996.50</u></u>	<u><u>\$ 701,569.06</u></u>

See accompanying notes.

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

PAYROLL FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
<u>Assets</u>					
Cash	<u>\$ 8,929.87</u>	<u>\$ 0.05</u>	<u>\$ 323.58</u>	<u>\$ 31,148.39</u>	<u>\$ 28,859.27</u>
Total Assets	<u><u>\$ 8,929.87</u></u>	<u><u>\$ 0.05</u></u>	<u><u>\$ 323.58</u></u>	<u><u>\$ 31,148.39</u></u>	<u><u>\$ 28,859.27</u></u>
<u>Liabilities</u>					
Due To Various Agencies	<u>\$ 8,929.87</u>	<u>\$ 0.05</u>	<u>\$ 323.58</u>	<u>\$ 31,148.39</u>	<u>\$ 28,859.27</u>
Total Liabilities	<u><u>\$ 8,929.87</u></u>	<u><u>\$ 0.05</u></u>	<u><u>\$ 323.58</u></u>	<u><u>\$ 31,148.39</u></u>	<u><u>\$ 28,859.27</u></u>

See accompanying notes.

TOWNSHIP OF MARLBORO
COUNTY OF MONMOUTH, NEW JERSEY

GENERAL FIXED ASSETS ACCOUNT GROUP

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

	December 31, <u>2009</u>	December 31, <u>2008</u>	December 31, <u>2007</u>	December 31, <u>2006</u>	December 31, <u>2005</u>
<u>Assets</u>					
Land	\$ 20,175,668.69	\$ 20,175,668.69	\$ 20,175,668.69	\$ 20,175,668.69	\$ 20,175,668.69
Buildings and Improvements	6,818,627.00	6,818,627.00	6,818,627.00	6,818,627.00	6,818,627.00
Machinery, Equipment and Vehicles	<u>10,148,396.84</u>	<u>10,148,396.84</u>	<u>10,148,396.84</u>	<u>10,148,396.84</u>	<u>10,148,396.84</u>
Total General Fixed Assets	<u>\$ 37,142,692.53</u>	<u>\$ 37,142,692.53</u>	<u>\$ 37,142,692.53</u>	<u>\$ 37,142,692.53</u>	<u>\$ 37,142,692.53</u>
<u>Liabilities</u>					
Investment in Fixed Assets	<u>\$ 37,142,692.53</u>	<u>\$ 37,142,692.53</u>	<u>\$ 37,142,692.53</u>	<u>\$ 37,142,692.53</u>	<u>\$ 37,142,692.53</u>
Total Liabilities	<u>\$ 37,142,692.53</u>	<u>\$ 37,142,692.53</u>	<u>\$ 37,142,692.53</u>	<u>\$ 37,142,692.53</u>	<u>\$ 37,142,692.53</u>

See accompanying notes.

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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.

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, Department of Community Affairs, State of New Jersey ("Division") requires the financial statements of the Township of Marlboro ("Township") to be reported separately.

The Township is an instrumentality of the State of New Jersey, established to function as a municipality. The Township Council consists of elected officials and is responsible for the fiscal control of the Township.

The financial statements of the Township of Marlboro, County of Monmouth, New Jersey ("Township") include every board, body officer or commission maintained wholly or in part by funds appropriated by the Township, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operation of School Boards, Volunteer Fire Departments/Fire Districts and First Aid Squads which are subject to separate audit and are considered component units under GAAP. Included within the financial statements are taxes levied, collected and turned over to School Boards and appropriations for contributions to Volunteer Fire Departments and First Aid Squads. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization, or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the township in that the Township approves the budget, the issuance of debt or the levying of taxes. The Marlboro Township Municipal Utilities Authority ("Authority") is a component unit.

The Authority is not included in the Township's financial statements. The Authority has independent audits of their financial statements. See footnote 17 for additional information regarding the component unit status of the Authority.

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds

The accounting policies of the Township of Marlboro 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 Marlboro 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. In addition, the financial transactions of the following funds and accounts are also reported within the Trust Fund:

- Animal Control Trust Fund
- Trust Other Fund
- Escrow Deposit Trust Fund
- Open Space Trust Fund
- LOSAP Trust Fund - Unaudited

General Capital Fund – records resources 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.

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

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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.

D. 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:

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 consumer charges are recorded with offsetting reserves within the Current Fund. 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 (Swim Utility) fund on a full accrual basis.

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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 budgets as budget appropriations. Expenditures are recorded upon the adoption of the budget for 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.

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and Swim Pool 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 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.

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.

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2: DEFERRED COMPENSATION PLAN

The Township has instituted a Deferred Compensation Plan ("Plan") pursuant to Section 457 of the Internal Revenue Code and P.L. 1977, C.381; P.L. 1978, C.39; P.L. 1980, C.78; and P.L. 1997, C.116 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 Township has engaged a private contractor to administer the Plan.

The plan's assets are not the property of the Township and therefore are not presented in the financial statements.

NOTE 3: 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	\$ 10,603,000.00	\$ 12,458,000.00
Bond anticipation notes	15,750,000.00	9,950,000.00
Green Acres Trust Loan	328,986.13	350,941.04
Swimming Pool Utility:		
Bonds	<u>-</u>	<u>10,000.00</u>
 Total debt issued	 26,681,986.13	 22,768,941.04
 Authorized but not issued:		
General:		
Bonds and notes	3,927,853.28	8,176,028.28
Swimming Pool Utility:		
Bonds and notes	<u>446,250.00</u>	<u>446,250.00</u>
 Total authorized but not issued	 <u>4,374,103.28</u>	 <u>8,622,278.28</u>
 Net bonds and notes issued and authorized but not issued	 <u>\$ 31,056,089.41</u>	 <u>\$ 31,391,219.32</u>

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTINUED)

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	\$ 36,940,000.00	\$ 36,940,000.00	\$ -
Regional school district debt	10,489,470.61	10,489,470.61	-
Green Trust fund loan	328,986.13		328,986.13
Self-Liquidating debt	24,946,250.00	24,946,250.00	-
General debt	30,280,853.28	2,574,981.71	27,705,871.57
	<u>\$ 102,985,560.02</u>	<u>\$ 74,950,702.32</u>	<u>\$ 28,034,857.70</u>

Net Debt \$28,034,857.70 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended \$7,622,294,464.67 equals 0.37%.

EQUALIZED VALUATION BASIS

2007 Equalized Valuation Basis of Real Property	\$ 7,588,651,662.00
2008 Equalized Valuation Basis of Real Property	7,694,200,415.00
2009 Equalized Valuation Basis of Real Property	<u>7,584,031,317.00</u>

Average Equalized Valuation	<u>\$ 7,622,294,464.67</u>
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BORROWING POWER UNDER N.J.S.A 40A:2-6 AS AMENDED

3 1/2% of Equalized Valuation Basis Municipal	\$ 266,780,306.26
Net Debt	<u>28,034,857.70</u>

Remaining Borrowing Power	<u>\$ 238,745,448.56</u>
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The Township of Marlboro Board of Education and Freehold Regional School District are Type II School Districts. 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 MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTINUED)

C. Green Trust Program Loans

Date of Loan Agreement	December 13, 2002
Loan Amount	\$464,185.00
Interest Rate	2.00%
Semi-Annual Payment (Prin. & Int.) to Amortize Loan Principal	\$14,432.25
Due Dates	March 13 & September 13
Number of Payments	39
Final Payment	September 22, 2022

D. Aggregate long-term debt service requirements are as follows:

General Capital			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,518,000.00	\$ 498,429.50	\$ 2,016,429.50
2011	1,582,000.00	435,589.00	2,017,589.00
2012	1,114,000.00	360,181.50	1,474,181.50
2013	1,164,000.00	307,642.50	1,471,642.50
2014	1,222,000.00	251,672.50	1,473,672.50
2015	1,282,000.00	192,335.00	1,474,335.00
2016	1,342,000.00	130,072.50	1,472,072.50
2017	675,000.00	64,877.50	739,877.50
2018	704,000.00	33,130.00	737,130.00
	<u>\$ 10,603,000.00</u>	<u>\$ 2,273,930.00</u>	<u>\$ 12,876,930.00</u>

Green Trust Loan Payable			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 22,396.20	\$ 6,468.30	\$ 28,864.50
2011	22,846.37	6,018.14	28,864.51
2012	23,305.58	5,558.93	28,864.51
2013	23,774.02	5,090.48	28,864.50
2014	24,251.88	4,612.62	28,864.50
2015	24,739.34	4,125.16	28,864.50
2016	25,236.60	3,627.90	28,864.50
2017	25,743.86	3,120.64	28,864.50
2018	26,261.31	2,603.19	28,864.50
2019	26,789.16	2,075.34	28,864.50
2020	27,327.62	1,536.88	28,864.50
2021	27,876.91	987.59	28,864.50
2022	28,437.28	427.22	28,864.50
	<u>\$ 328,986.13</u>	<u>\$ 46,252.39</u>	<u>\$ 375,238.52</u>

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 3: DEBT, DEBT SERVICE AND STATUTORY DEBT CONDITION (CONTINUED)

Capital Lease Program			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 287,000.00	\$ 31,053.80	\$ 318,053.80
2011	153,000.00	17,453.06	170,453.06
2012	158,400.00	11,871.50	170,271.50
2013	<u>106,300.00</u>	<u>5,315.00</u>	<u>111,615.00</u>
	<u>\$ 704,700.00</u>	<u>\$ 65,693.36</u>	<u>\$ 770,393.36</u>

E. Bond Anticipation Notes

As of December 31, 2009, the Township had bond anticipation notes outstanding in the amount of \$15,750,000 in the general capital fund. The bond anticipation notes mature on April 9, 2010 with an interest rate of 2.50%.

NOTE 4: LOCAL DISTRICT SCHOOL AND REGIONAL HIGH SCHOOL TAXES

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

The Township has elected to defer school taxes as follows:

	Local Disrtict School Tax		Regional High School Tax	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Balance of tax	\$ 34,935,285.00	\$ 31,510,285.00	\$ 14,522,519.49	\$ 14,655,936.55
Deferred	<u>31,617,738.00</u>	<u>31,510,285.00</u>	<u>13,192,547.00</u>	<u>13,300,000.00</u>
Tax Payable	<u>\$ 3,317,547.00</u>	<u>\$ -</u>	<u>\$ 1,329,972.49</u>	<u>\$ 1,355,936.55</u>

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, 2009 and 2008 as follows:

	<u>2010</u>	<u>2009</u>
Current fund	\$ 1,410,412.80	\$ 5,200,000.00
Swim utility fund	331,250.00	285,000.00

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.

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 6: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2009, the following Deferred Charge was on the Township's Current Fund Balance Sheet:

Special Emergency Appropriations	<u>\$ 905,000.00</u>
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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.

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. 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.)	\$	22,277,436.06
Money market funds		17,233,538.00
Total	\$	<u><u>39,510,974.06</u></u>

The Township of Marlboro had the following depository accounts. All deposits are carried at cost plus accrued interest.

Depository Account	<u>Bank Balance</u>
Insured-FDIC	\$ 750,000.00
Insured-NJGUDPA (N.J.S.A. 17:941)	<u>41,175,663.00</u>
Total	<u><u>\$ 41,925,663.00</u></u>

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 7: DEPOSITS AND INVESTMENTS (CONTINUED)

GASB Statement No. 40 requires that the Township disclose whether its deposits are exposed to custodial credit risk (risk that in the event of failure of the counterparty, the Township would not be able to recover the value of its deposit or investment). Deposits are considered to be exposed to custodial credit risk if they are: uncollateralized (securities are not pledged to the depositor), collateralized with the securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the Township.

The Township does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by 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.

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, 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.

Custodial Credit Risk: All of the Township's investments are insured or registered in the Township's name or held by an entity as its agent in the Township's name. 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.

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 7: DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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, regional 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 allows 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.

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.

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
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YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 9: PENSION AND RETIREMENT PLANS (CONTINUED)

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 \$1,251,289.63, \$2,171,440.82 and \$1,300,254.20, 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 \$1,120,831.00.

NOTE 10: POST RETIREMENT HEALTH BENEFITS

The Township of Marlboro 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 MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 10: POST RETIREMENT HEALTH BENEFITS (CONTINUED)

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 \$380 for a single participant to \$997 for Family coverage and \$131 for a prescription single coverage to \$327 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 not available.

NOTE 11: RISK MANAGEMENT

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 Monmouth County 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 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

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Township's liability related to unused sick pay. The Township permits its employees to accumulate unused sick and vacation pay. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. The Township estimates the current cost of such unpaid compensation to be \$2,954,067.49 and \$2,566,733.56 at December 31, 2009 and 2008 respectively, which are unaudited. In accordance with New Jersey principles, this amount is not reported as an expenditure or liability in the accompanying financial statements.

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 13: 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.

NOTE 14: CONTINGENT LIABILITIES

At December 31, 2009, the Township had no material litigation pending. Any claims that would arise 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 15: 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	\$ 8,100.00	\$ 357,712.81
General Capital Fund	250,000.00	2,000.00
Grant Fund	331,212.81	-
Trust Other Fund	28,500.00	8,100.00
Swimming Pool Utility Fund	-	250,000.00
	<hr/>	<hr/>
Total	<u>\$ 617,812.81</u>	<u>\$ 617,812.81</u>

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 16: LENGTH OF SERVICE AWARD PROGRAM ("LOSAP")

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

Annual Contributions – The Annual contribution to be made by the Township for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 2003.

Appropriations – Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2004.

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

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

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

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

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

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

TOWNSHIP OF MARLBORO
MONMOUTH COUNTY, NEW JERSEY
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 16: LENGTH OF SERVICE AWARD PROGRAM ("LOSAP") (CONTINUED)

The Township has authorized The Variable Annuity Life Insurance Company, as the plan provider. As of December 31, 2009 and 2008, the cumulative balance of the Length of Service Award Program was \$513,102.43 and \$382,066.19, respectively and is recorded in the Trust fund of the Township as part of the reserve for deferred compensation.

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 17 – SUBSEQUENT EVENTS

The Township adopted an ordinance on December 17, 2009 to create a Water Utility Division within the Township and to dissolve the Marlboro Township Municipal Utilities Authority (the "Authority"), a component unit of the Township. Additionally, the ordinance authorized the Township to issue bonds or notes, in an amount not to exceed \$24,500,000, to refund the Authority's debt. The Township issued \$23,445,000 in general obligation debt to refund all of the Authority's outstanding debt in January 2010, effectively dissolving the Authority.

Management has reviewed and evaluated all events and transactions that occurred from December 31, 2009 through August 5, 2010, the 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 B

*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 Marlboro, in the
County of Monmouth, New Jersey

Re: Township of Marlboro, in the County of Monmouth, New Jersey
\$19,000,000 General Obligation Bonds, Series 2010, consisting of
\$15,624,000 General Improvement Bonds, Series 2010,
\$2,536,000 Open Space Bonds, Series 2010, and
\$840,000 Water Utility Bonds, Series 2010

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of Marlboro, in the County of Monmouth, New Jersey (the “Township”) of its \$19,000,000 General Obligation Bonds, Series 2010, consisting of \$15,624,000 General Improvement Bonds, Series 2010 (the “General Improvement Bonds”), \$2,536,000 Open Space Bonds, Series 2010 (the “Open Space Bonds”), and \$840,000 Water Utility Bonds, Series 2010 (the “Water 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 Utility Bonds	Combined Bonds	Interest Rate
2012	\$200,000	\$125,000	\$10,000	\$335,000	%
2013	265,000	150,000	20,000	435,000	
2014	350,000	150,000	30,000	530,000	
2015	350,000	150,000	30,000	530,000	
2016	360,000	170,000	30,000	560,000	

Year	General Improvement Bonds	Open Space Bonds	Water Utility Bonds	Combined Bonds	Interest Rate
2017	1,100,000	180,000	40,000	1,320,000	
2018	1,125,000	190,000	40,000	1,355,000	
2019	1,675,000	190,000	80,000	1,945,000	
2020	1,725,000	190,000	80,000	1,995,000	
2021	1,725,000	200,000	90,000	2,015,000	
2022	1,750,000	210,000	90,000	2,050,000	
2023	1,750,000	210,000	100,000	2,060,000	
2024	1,749,000	210,000	100,000	2,059,000	
2025	1,500,000	211,000	100,000	1,811,000	

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 16, 2010 (the “Resolution”) and ordinances of the Township numbered 2002-27, 2004-06, 2004-21, 2005-18, 2005-36, 2006-19, 2007-12, 2009-28 and 2010-16 (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

APPENDIX C

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Township of Marlboro, in the County of Monmouth, New Jersey (the “Issuer”) in connection with the issuance by the Issuer of \$19,000,000 principal amount of its General Obligation Bonds, consisting of \$15,624,000 principal amount of General Improvement Bonds, \$840,000 principal amount of Water Utility Bonds, and \$2,536,000 principal amount of Open Space Bonds, Series 2010 (collectively, 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) Not later than nine (9) months after the end of the Issuer's 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) The financial information and operating data pertaining to the Township set forth in the Official Statement dated _____, 2010 pertaining to the sale of the Bonds.

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 MARLBORO, IN THE COUNTY
OF MONMOUTH, NEW JERSEY

By: _____
Chief Financial Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Township of Marlboro, in the County of Monmouth, New Jersey

Name of Bond Issue: \$19,000,000 General Obligation 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 MARLBORO, IN THE
COUNTY OF MONMOUTH, NEW
JERSEY

By: _____
Name:
Title: