

PRELIMINARY OFFICIAL STATEMENT, DATED MARCH 4, 2013

NEW ISSUE

RATINGS: See "Ratings" herein

In the opinion of DeCotiis, FitzPatrick & Cole, LLP, Bond Counsel, assuming continuing compliance by the Township of East Brunswick (the "Township") with certain covenants described herein, under current law, interest on the Bonds and the Notes 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 ("Code"), for purposes of computing the federal alternative minimum tax; however, interest on the Bonds and the Notes held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Bonds and the Notes in "adjusted current earnings". No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds and the Notes. Further, in the opinion of Bond Counsel, under current law interest on the Bonds and the Notes and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**TOWNSHIP OF EAST BRUNSWICK
(Middlesex County, New Jersey)**

\$42,632,000 GENERAL OBLIGATION BONDS, SERIES 2013 Consisting of: \$28,600,000 Parking Utility Bonds and \$14,032,000 General Improvement Bonds	\$8,152,000 BOND ANTICIPATION NOTES
DATED: DATE OF DELIVERY DUE: MARCH 15 AS SHOWN ON THE INSIDE FRONT COVER	DATED: , MARCH 21, 2013 DUE: MARCH 21, 2014
CALLABLE NOT BANK QUALIFIED	NON-CALLABLE NOT BANK QUALIFIED

The \$42,632,000 General Obligation Bonds, Series 2013 (the "Bonds") and the \$8,152,000 Bond Anticipation Notes (the "Notes" and, collectively with the Bonds, the "Obligations") of the Township of East Brunswick, in the County of Middlesex, New Jersey (the "Township"), will be issued as fully registered securities, registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Bonds and the Notes may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof. Beneficial Owners of the Obligations will not receive certificates representing their interests in the Obligations. As long as Cede & Co is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Obligations. See "BOOK-ENTRY ONLY SYSTEM" herein.

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

Principal on the Bonds is payable on March 15 in each of the years set forth on the inside front cover hereof. Interest on the Bonds will be paid semiannually on March 15 and September 15 in each year until maturity, commencing on September 15, 2013. The Bonds are subject to redemption prior to maturity. See "THE BONDS – Optional Redemption" herein.

The Notes shall bear interest from March 21, 2013 and shall mature on March 21, 2014. Interest on the Notes will be payable at maturity. The Notes are not subject to redemption prior to maturity.

As long as DTC or its nominee Cede & Co. is the registered owner of the Obligations, payment of the principal and interest on the Obligations will be made by the Township directly to DTC or its nominee Cede & Co. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each March 1 and September 1 (the "Record Dates") preceding the dates for the payment of interest on the Bonds.

The Bonds and the Notes are offered when, as and if issued and delivered to the Purchasers, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of DeCotiis, FitzPatrick & Cole, LLP, Teaneck, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by the Township Attorney. It is expected that the Obligations will be available for delivery to DTC on March 21, 2013.

**SEPARATE BID PROPOSALS FOR THE BONDS AND THE NOTES WILL BE ACCEPTED ON MARCH 12, 2013.
BID PROPOSALS FOR THE BONDS WILL BE ACCEPTED UNTIL 11:00 AM ON MARCH 12, 2013;
BID PROPOSALS FOR THE NOTES WILL BE ACCEPTED UNTIL 11:30 AM ON MARCH 12, 2013.
FOR MORE DETAILS REFER TO THE NOTICE OF SALE FOR THE BONDS AND THE
NOTICE OF SALE FOR THE NOTES AVAILABLE AT www.i-dealprospectus.com.**

Dated: March __, 2013

This is a Preliminary Official Statement "deemed final", complete with the exception of 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. Upon the sale of the Bonds and the Notes described herein, the Township will deliver a final Official Statement within seven (7) business days following such sale.

Township of East Brunswick
\$42,632,000 General Obligation Bonds, Series 2013

Consisting of:
\$28,600,000 Parking Utility Bonds, Series 2013
and
\$14,032,000 General Improvement Bonds, Series 2013

Year (March 15)	Parking Utility Bonds	General Improvement Bonds	Combined Bonds	Coupon	Reoffering Yield	CUSIP
2014	\$1,000,000	\$850,000	\$1,850,000			271281
2015	\$1,000,000	\$850,000	\$1,850,000			271281
2016	\$1,120,000	\$875,000	\$1,995,000			271281
2017	\$1,120,000	\$895,000	\$2,015,000			271281
2018	\$1,200,000	\$905,000	\$2,105,000			271281
2019	\$1,200,000	\$950,000	\$2,150,000			271281
2020	\$1,400,000	\$950,000	\$2,350,000			271281
2021	\$1,400,000	\$825,000	\$2,225,000			271281
2022	\$1,500,000	\$525,000	\$2,025,000			271281
2023	\$1,500,000	\$535,000	\$2,035,000			271281
2024	\$1,600,000	\$550,000	\$2,150,000			271281
2025	\$1,600,000	\$565,000	\$2,165,000			271281
2026	\$1,620,000	\$575,000	\$2,195,000			271281
2027	\$1,620,000	\$590,000	\$2,210,000			271281
2028	\$1,620,000	\$590,000	\$2,210,000			271281
2029	\$1,620,000	\$600,000	\$2,220,000			271281
2030	\$1,620,000	\$610,000	\$2,230,000			271281
2031	\$1,620,000	\$615,000	\$2,235,000			271281
2032	\$1,620,000	\$629,000	\$2,249,000			271281
2033	\$1,620,000	\$548,000	\$2,168,000			271281

and

\$8,152,000 __% Bond Anticipation Notes @ __% CUSIP 271281

ADMINISTRATION

DAVID STAHL	MAYOR
JAMES WENDELL	PRESIDENT
CAMILLE FERRARO	VICE PRESIDENT
DENISE CONTRINO	COUNCIL MEMBER
MICHAEL HUGHES	COUNCIL MEMBER
NANCY PINKIN	COUNCIL MEMBER

BUSINESS ADMINISTRATOR
JAMES WHITE

CHIEF FINANCE OFFICER
L. MASON NEELY
lneely@eastbrunswick.org

ASSISTANT FINANCE DIRECTOR/TAX COLLECTOR
MICHELLE A. O'HARA

TOWNSHIP COUNSEL
CATHERINE E. TAMASIK

MUNICIPAL CLERK
NENNETTE PERRY

TOWNSHIP AUDITOR
HOLMAN FRENIA ALLISON, PC
FREEHOLD, NJ

BOND COUNSEL
DECOTIIS, FITZPATRICK, & COLE, LLP
TEANECK, NJ

DEPARTMENT DIRECTORS

OFFICE ON AGING

Rachel Steinberg

LIBRARY

Mary Ellen Firestone

MUNICIPAL COURT

Judge Robyn Brown
Diana Santiago, Court Officer

DEPARTMENT OF PLANNING & ENGINEERING

Gregory Potkulski

DEPARTMENT OF PUBLIC SAFETY

Deputy Chief William Krause

DEPARTMENT OF PUBLIC WORKS

Thomas Williams

DEPARTMENT OF PARKS AND RECREATION

Michael Reissner

WATER AND SEWER UTILITY

Leigh Jones

TAX ASSESSOR

Frank Colon

No dealer, broker, salesperson or other person has been authorized by the Township of East Brunswick, New Jersey to give any information or to make any representations, other than those contained in this Official Statement and if, given or made, such other information or representations must not be relied upon as having been authorized by the Township. The information contained herein reflects the latest financial information available.

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

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

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

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

**TOWNSHIP OF EAST BRUNSWICK
(Middlesex County, New Jersey)**

**\$42,632,000 General Obligation Bonds, Series 2013,
Consisting of:
\$28,600,000 Parking Utility Bonds
And
\$14,032,000 General Improvement Bonds**

And

\$8,152,000 Bond Anticipation Notes

INTRODUCTION

This Official Statement which includes the cover page and the appendices has been prepared by the Township of East Brunswick and provides certain information relating to the Township of East Brunswick (the "Township") in connection with the sale of its \$42,632,000 General Obligation Bonds, Series 2013, consisting of \$28,600,000 Parking Utility Bonds and \$14,032,000 General Improvement Bonds (the "Bonds") and its \$8,152,000 Bond Anticipation Notes (the "Notes") described on the cover and herein (the "Bonds" and the "Notes" are collectively referred to herein as the "Obligations"). This Official Statement has been executed on behalf of the Township by the Township's Chief Finance Officer and meets the Secondary Market Disclosure, SEC requirements. Information has been developed by the Chief Finance Officer from Township records and from the Annual Audit.

SUPERSTORM SANDY

On October 29, 2012 a major hurricane struck New Jersey referred to as Superstorm Sandy. The Township of East Brunswick, like many communities, experienced power outages, tree damage and damage to six homes. None of the highways or infrastructures was greatly damaged as a result of the storm. The Township will not be seeking emergency capital funds through selling of notes or bonds. All of the costs for recovery and repair will be funded within the Operating Budget of the Township. The storm should have minimal or small impact on the property tax rate and no direct impact on the Utility Enterprise Accounts nor their rates. The Township is eligible for partial reimbursement of expenditures in accordance with the Federal Emergency Management Agency (FEMA) guidelines and application process.

SECURITY FOR THE OBLIGATIONS

The Obligations are general obligations of the Township and, unless paid from other sources, the Township is authorized and required by law to levy ad valorem taxes on all taxable real property within the Township without limitation as to rate or amount for the payment of the principal of and interest on the Obligations. The full faith and credit of the Township are irrevocably pledged for the payment of principal of and interest on the Obligations.

AUTHORIZATION AND PURPOSE

Authorization

The Obligations have been authorized and are to be issued pursuant to the laws of the State of New Jersey, including the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes. The Obligations are authorized by bond ordinances adopted by the Mayor and Council of the Township. All of the ordinances included in the sale were published in full or in summary form after their adoption along with the statement that the twenty day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale, execution or delivery of the Obligations by the Township.

Purpose

The proceeds of the Obligations, together with other funds of the Township, are to be applied to pay at maturity the Township's \$39,871,000 Bond Anticipation Notes issued on April 10, 2012 and maturing on April 10, 2013, and \$11,927,000 Bond Anticipation Notes issued on January 4, 2013 and maturing on April 10, 2013.

The Bonds are issued under the following ordinances:

A. Parking Utility Bonds:

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount</u>
2006-10	New Parking Facility	\$28,600,000

B. General Improvement Bonds:

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount</u>
2004-01	Acquisition of Open Space Property	\$3,800,000
2005-02	Fire District 2 Building	\$2,105,000
2007-24	New Fire House Fire District 1	\$5,820,000
2008-03	Fire District 2 Building	\$2,307,000

The Notes are issued under the following ordinances:

<u>Ordinance No.</u>	<u>Purpose</u>	<u>Amount</u>
2005-07	Capital Improvements	\$1,350,000
2006-08	Heavenly Farms Multi-Use Fields	\$2,110,000
2006-09	Various Capital Improvements	\$4,350,000
2009-05	New Fire Truck Fire District 3	\$ 342,000

REDEMPTION OF THE BONDS

Optional Redemption

The Bonds of each series maturing prior to March 15, 2024, are not subject to redemption prior to maturity. The Bonds of each series maturing on or after March 15, 2024, are subject to redemption prior to maturity at the option of the Township, in whole or in part on any date on or after March 15, 2023, at the redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest thereon to the date fixed for redemption.

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

If notice of redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the redemption price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption and no further interest shall accrue beyond the redemption date. Payment shall be made upon surrender of the Bonds redeemed.

BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Obligations, payment of principal and interest and other payments on the Obligations to Direct and Indirect Participants (each as defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Obligations and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township.

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

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

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, CEDE & CO., or such other name as may be requested by an authorized representative of DTC. The deposit of the Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being

redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such maturity to be redeemed.

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

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

DTC may discontinue providing its services as securities depository with respect to the Obligations at any time by giving reasonable notice to the Township or the paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, bond or note certificates are required to be printed and delivered.

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

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

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

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

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 Obligations at any time, the Township will attempt to locate another qualified Securities Depository. If the Township fails to find such a 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.

GENERAL INFORMATION

Information

The Township was formally established on February 28, 1860 by an Act of the New Jersey Legislature in accordance with the Jersey Town Act of 1798. Located in central northeastern New Jersey astride the major transportation corridor, the Township is in close distance to New York City and Philadelphia.

Governmental Structure

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 1965 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. All governmental units are housed in a modern Municipal Complex.

Utilities

The Township of East Brunswick operates a number of utilities which are different than the traditional Authorities which are often created by county and local governments. A utility is a self liquidating, enterprise account and the Mayor and Council serve as the Board of Directors for the operating utility. The utility is part of the general governmental structure and the Township of East Brunswick has operated the following utilities which are described in this Official Statement.

Water Utility. This utility provides water to 98.0% of our residents and we have operated the utility since 1952. The utility is self liquidating and fees cover all operational and debt service costs. The Township holds a water diversion privilege from the N.J. State Water Supply Authority which operates the Spruce Run/Round Valley Reservoir. We have a long term contract with Middlesex Water Company to treat and pump our diversion. A Consumer Confidence Report is available upon request. The utility is self-liquidating.

Sewer Utility. This utility provides sewerage collection service to approximately 86% of Township residents and commercial properties. The balance of the Township is served by private septic systems. The Sewer Utility will distribute approximately 4.7 million gallons per day (MGD) to the treatment plant through three connection points. The treatment plant is operated by the Middlesex County Utilities Authority (MCUA). The East Brunswick Sewer Utility consists of 350 miles of gravity sewer mains and approximately 12 to 15 miles of force mains. There are 21 pump stations throughout the service area where sewerage is collected and then distributed through the three interconnection points with the MCUA facility. The utility is self-liquidating.

Prior to July 1, 2010 the East Brunswick Sewerage Authority operated the system. The Governing Body, in accordance with state law and approval by the New Jersey Department of Community Affairs Local Finance Board dissolved the East Brunswick Sewerage Authority and created a Utility. The results were cost savings to the operation of the system. The Township has assumed all outstanding debt issued by the East Brunswick Sewerage Authority. The Sewer Utility will operate on a self liquidating basis. Many of the central management functions will be shared by other personnel. The sharing of personnel and equipment will result in cost stabilization for customers.

Pool Utility. The Township has operated a municipal pool utility for more than thirty (30) years. In 1995, the lake was filled and a new blue water facility known as Crystal Springs Aquatic Facility was developed. Crystal Springs consists of seven (7) water facilities, one of which is a lazy river, two slides, a children's pool, two Olympic sized pools and other activity pools. The Crystal Springs facility has proven to be very successful and operates on a self liquidating basis. We provide recreational activities over the 100 day season to about 100,000 guests each year. The utility is self-liquidating.

Parking Utility. The Township commenced a parking utility in 1980 when it purchased from bankruptcy a large parcel of property along Route 18. The utility was expanded to a second site with the construction of the Tower Centers Parking Garage at the intersection of the New Jersey Turnpike and Route 18. A new 1,685 stall parking garage was constructed at Route 18 and Tices Lane. The two facilities, ie: Transportation and Commerce Center and the Neilson Plaza will permit us to commute on average 3,000 commuters each day. The Township controls the parking by charging a fee and we have a contract with Coach USA-Suburban bus to provide commuter service. We receive a rental fee from Coach USA-Suburban

and we retain all of the parking revenues. The utility is self-liquidating.

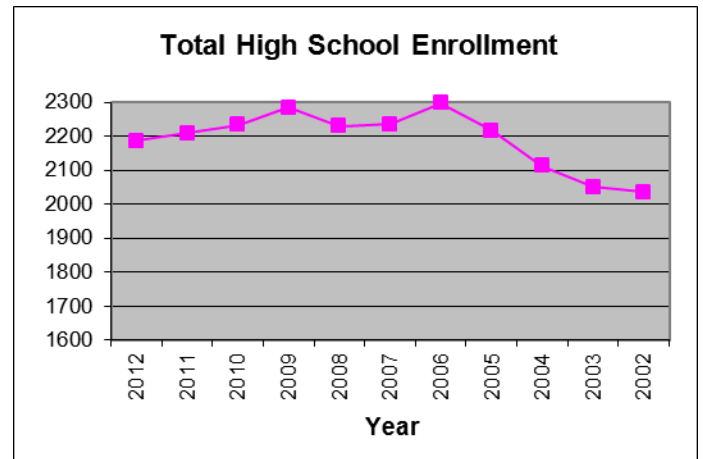
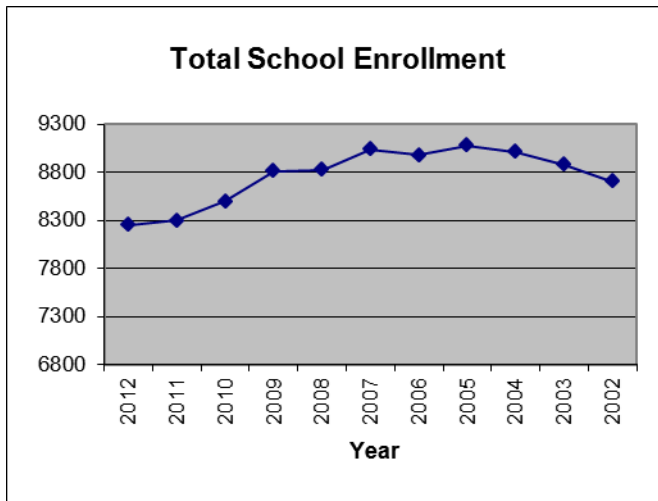
Police Firearms Training Utility. In October 1999, the Township opened a new Police Firearms Training facility which consists of twelve (12) ports permitting twelve (12) individuals to qualify at one time. Beyond the twelve (12) shooting ports, we will have an IMAX Theater which will allow for three dimensional real live training programs to be offered to uniform personnel. We have more than thirty (30) scenarios developed in conjunction with a professional training firm. The Township also has available a classroom within the facility and we hope to have contracts with communities throughout the state to qualify Public Safety officers. Current requirements are for uniformed personnel to qualify with their weapons twice annually and qualifications require a minimum of sixty (60) rounds each time with day and night shooting. We also are the only facility in the state that has what is referred to as a running man target which allows one to improve their proficiency with the weapon. The Attorney General has recommended that all uniformed personnel have access to or qualify with a running man target beyond the normal qualification process. It will be restricted to uniformed qualified personnel only and it will enhance the capabilities of our uniformed personnel.

Governmental Services

Education. The Township has 8 elementary schools (K-5), one middle school (6 & 7), one junior high school (8 & 9) and a senior high school (10-12).

TOTAL SCHOOL ENROLLMENT ENROLLMENTS AS OF JUNE 30

SCHOOL	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
BOWNE	237	238	256	297	314	292	229	311	315	319	304
CENTRAL	407	424	428	443	458	439	441	466	468	476	478
CHITTICK	462	515	494	495	514	609	560	553	582	563	553
FROST	429	457	491	504	509	553	528	567	579	586	568
IRWIN	459	417	409	441	434	533	536	549	508	543	534
LAW. BROOK	432	513	524	572	526	449	451	469	473	453	446
MEMORIAL	489	337	348	377	389	388	378	383	384	376	368
WARNSDORFER	415	429	461	500	543	563	588	575	561	553	565
HAMMARSKJOLD	1298	1298	1388	1441	1414	1,427	1,468	1,509	1,483	1,424	1,472
CHURCHILL	1462	1462	1469	1461	1498	1,547	1,501	1,483	1,548	1,536	1,383
HIGH SCHOOL	2208	2208	2234	2284	2229	2,236	2,297	2,216	2,113	2,050	2,036
TOTALS	8,254	8,298	8,502	8,815	8,828	9,036	8,977	9,081	9,014	8,879	8,707



2010 Census Information

Place	2010 Population	2007 Population	Change	Percent
Middlesex County	809,858	786,971	22,887	2.8%
East Brunswick	47,241	47,649	-408	-0.9%

Management, Discussion and Analysis

The Governmental Accounting Standards Board (GASB) promulgated a governmental financial reporting model for state and local governments in June of 1999. An area of controversy was reporting model to require local and state governments to present general government infrastructure assets in their financial statement based upon historical costs. The Government Finance Officers Association (GFOA) found this position to be unacceptable and under Generally Accepted Accounting Principles (GAAP) state and local governments are not required to report the infrastructure assets in their financial statement. East Brunswick Township agrees with the Government Finance Officers Association and is opposed to reporting governmental assets. That being said there are valid recommendations contained within the GASB reporting model.

One criticism of local government is the amount of time which elapses between the authorization of a project and completion. In some cases, authorizations have been made through capital appropriations and the projects not completed for many years. To provide full disclosure a table summarizing capital authorizations from 2001 through 2013 has been prepared. The table delineates the authorization by ordinance for each particular year and the general purpose of the ordinance. The table reports the year the indebtedness was incurred and summary information on annual and total pay down each year. As you look at the table, you will see over the period of time, 2001 through 2013, the Township has authorized debt of \$153,406,375. The aggregate pay down in the forms of either bond retirement or note pay down has been \$111,690,147. Please observe the Township has adopted a very aggressive pay down schedule and we expect to continue this aggressiveness into the future.

The primary purpose of this table and dialogue is to report to bondholders and noteholders how the Township has expended funds and paid down debt over the past 14 years to report as projects are completed. You will see most of the projects have been completed or soon to be completed. One will also be able to observe that East Brunswick uses its ability to enter the capital market to assist the Board of Education in receiving least cost financing for improving schools. We believe we are one of the few Type II school/municipalities in the State of New Jersey that offers a lease purchase agreement to the Board of Education, thereby not causing the Board to issue Certificates of Participation (COPs) through the regular market. This level of cooperation between the two political bodies (Township Council and the Board of Education), ultimately results in significant savings for the taxpayers. This same process is used by all three Fire Districts and the East Brunswick Rescue Squad to meet their capital needs.

Post Retirement Health Benefits

In addition to the pension and retirement plans the Township provides post retirement health care benefits, in accordance with State statute N.J.S.A. 40A:10-23 to employees who retire with at least 25 years of service with the Township, or go out on disability with 10 years of service or more. The Township does not issue a publicly available financial report for the plan. Benefit provisions for the plan are established and amended with the approval of the Township's governing body and there is no statutory requirement for the Township to continue this plan for future Township employees. The plan is a contributory plan for employees hired after June 2011 based on Chapter 2 P.L. 2010 and Chapter 78 P.L. 2011.

GASB Statement 45 requires that the Township disclose its annual OPEB cost for the plan which is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. However, Local Finance Notice 2007-15, *Implementing GASB 45: Disclosure of Liabilities for Other Post-Employment Benefits for Municipalities and Counties*, does not require municipalities and counties to calculate the ARC. The Township has elected to not calculate the ARC and therefore no amount is disclosed. The actual amounts paid for the OPEB benefits, accounted for on the pay-as-you-go basis, for retired Township employees during 2011 totaled \$1,346,088.

As of December 31, 2012, the actuarial accrued liability for benefits was \$35,400,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$19,563,857, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 55%.

The actuarial valuation date is December 31, 2012. Actuarial valuations involve estimates of the value reported amounts and assumptions about the probability of events in the future. Amounts determined

regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Township and the plan members to that point. Actuarial calculations reflect a long-term perspective and employee methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

For the December 31, 2012 actuarial valuation, the project unit credit funding method was used. The actuarial assumptions included a 4.5% discount rate and an annual healthcare cost trend rate of 9% in 2010, reducing by 0.5% per annum, leveling at 5% per annum in 2019, for medical, dental and prescription. As required by Local Finance Notice 2007-15, the Township's demographics assumptions were selected based on those used by the State Division of Pensions and Benefits calculation from its July 1, 2007 report and the Benefits Program (SHBP) in calculating SHBP member OPEB requirements from its July 1, 2007 report. Of the former employees receiving benefits, currently 20 of the 275 retirees receiving single benefits and 90 of the 275 retirees receiving family coverage are under 65. The balance of 165 are 65 or older. Those retirees 65 or older are obligated to pay their Medicare Part B portion and the Township only funds the exceptions to Medicare. Additionally, as of December 31, 2012, there are 241 active participants in the plan. The cost of family coverage is \$18,048.36 per family unit and single coverage is \$8,847.72 per participant for medical, dental and prescription drug.

Accrued Sick and Vacation Benefits

Under contractual agreements with the various collective bargaining groups, unused sick time is accumulated toward future use or payment upon separation from employment. Under past policy, the Township appropriated sufficient funds to pay the liability to employees who retired or left their position on a current basis. This appropriation was included in the regular appropriations for salary and wages. Effective in 1983, a separate line item appropriation was provided for this purpose in the current fund. Beginning in 1986, employees were limited on payment of unused sick and vacation time so the Township has a very limited liability to fund. The Township offers two deferred compensation programs. Both are under Internal Revenue Code Section 457 and approved by the State Department of Community Affairs. Cash payments are charged as though current income to the employees whereas taxes are deferred on deposits into the Trust Fund. The "Excess Benefit Trust Fund" amounted to \$25,970,548 and \$2,449,381 on December 31, 2011 and appears on the General Trust Fund balance sheet and is subject to the claims of general creditors of the Township.

There is also an estimated current liability in the sum of \$2,330,733 existing for potential claims if everyone would be sick at the same time. This amount represents the current value of all accumulations and is not intended to portray amounts that would be recorded under GAAP. The Township has not discounted the total based upon study of utilization or the likelihood of the amount of accumulations vesting with employees. The expected pays for these accruals are funded through the annual budget, Self Insurance Plan, the Fringe Benefit Fund and the Cost of Living Pension Health Fund. No amount is accrued for this estimated liability in the financial statements.

General Capital 2001 -2012

Year	Ord. #	Description	Indebtednes	New Debt	Annual Principal Paydown		Status
					Bond	Note	
2013	13-01	Amending 11-22-FD #2 Radio purchase	<u>200,000</u>	200,000	905,000	6,591,000	In Process
2012	12-04	Multi Purpose Bond Ordinance	1,417,000		680,000	8,123,220	In Process
	12-11	Fire House Renovation-Fire District #3	2,000,000				In Process
	12-12	Various Water Line Replacements	<u>1,250,000</u>	4,667,000			
2011	11-01	Various Capital Improvements	2,347,000				In Process
	11-18	Refunding Bonds	1,077,000				Completed
	11-22	Communication System Upgrade	<u>4,185,000</u>	7,609,000	680,000	7,695,000	In Process
2010	10-01	Multi Purpose Bond Ordinance	2,580,000				Completed
	10'07	Various Capital Improvements	1,620,000				Completed
	10-21	Refunding Bonds	485,000				Completed
	10-28	Acquisitions and Improvements	<u>1,655,000</u>	6,340,000	710,000	5,811,249	Completed
2009	09-02	Reconstruction of Various Roads	1,500,000				Completed
	09-05	Fire District #3 - New Fire Truck	570,000				Completed
	09-08	Water Main Replacement	3,700,000				Completed
	09-14	Reconstruction of Harts Lane	<u>400,000</u>	6,170,000	730,000	7,815,294	Completed
2008	08-21	Acquisition of Property	25,000,000				Cancelled
	08-03	Fire District #2 - Supplemental 05-02	2,500,000				Completed
	08-14	Various Capital Improvements	<u>1,787,028</u>	29,287,028	765,000	10,272,560	Completed
2007	07-09	Various Capital Improvements	2,589,150				Completed
	07-24	Fire District #1 - New Fire House	<u>6,100,000</u>	8,689,150	795,000	10,070,350	Completed
2006	06-08	Heavenly Farms Sport Field	2,700,000				Completed
	06-09	Various Capital Improvement	5,890,500				Completed
	06-10	New Parking Facility	32,000,000				Completed
	06-26	Ambulance	<u>155,000</u>	40,745,500	805,000	13,301,300	Completed
2005	05-02	Land Acquisition	3,000,000				Completed
	05-07	Various Capital Improvements	2,417,000				Completed
	05-19	School Improvements	<u>1,000,000</u>	6,417,000	447,000	12,598,300	Completed
2004	04-01	Land Acquisition for Open Space	12,000,000				Completed
	04-04	Capital Improvements	2,582,794				Completed
	04-12	Land Acquisition	1,900,000				Completed
	04-14	Road Improvements - Fresh Ponds Rd	108,300				Completed
	04-15	Improvements EB High School	<u>6,550,000</u>	23,141,094	584,428	9,291,788	Completed
2003	03-02	Board of Education Equipment	2,500,000				Completed
	03-11	Capital improvements	2,579,000				Completed
	03-12	Fire District #1 - equipment	1,100,000				Completed
	03-14	Road improvements - Tices Lane	3,500,000				Completed
	03-24	Fire District #3 - equipment	<u>359,000</u>	10,038,000	604,242	6,924,300	Completed
2002	02-06	Capital Improvements	2,011,603				Completed
	02-19	Tree Repl, Sidewalk, Curb & Apron Improv	<u>304,000</u>	2,315,603	614,060	6,510,800	Completed
2001	01-10	EB Fire District/Lease Purchase	387,000				Completed
	01-18	Tree Repl, Sidewalk, Curb & Apron Improv	220,000				Completed
	01-20	Various capital improvements	1,780,000				Completed
	01-27	Board of Education Improvements	5,000,000				Completed
	01-32	Tree Repl, Sidewalk, Curb & Apron Improv	<u>400,000</u>	7,787,000	623,881	5,237,375	Completed
		Totals	153,406,375	153,406,375	8,038,611	103,651,536	

HISTORICAL ECONOMIC INFORMATION BUILDING PERMITS

<u>Year</u>	<u>Permits</u>	<u>Construction Value</u>	<u>All Other # of Certificates Of Occupancy Issued</u>	<u># of COs Issued for New Residential Units</u>
2012	3,000	\$46,085,678.80	283	24
2011	3,427	\$39,723,210.00	288	24
2010	2,470	37,435,294.00	291	13
2009	2,733	30,241,699.00	323	38
2008	2,773	48,426,248.00	351	28
2007	2,751	43,415,715.00	408	84
2006	2,880	136,953,299.00	379	117
2005	3,307	60,015,006.00	457	77
2004	3,209	52,252,314.00	611	30
2003	3,243	103,412,481.00	448	126
2002	3,209	127,950,898.00	528	101
2001	3,039	73,368,942.00	542	69
2000	3,161	76,704,965.00	496	87
1999	2,922	61,642,612.00	519	121
1998	2,937	76,159,642.00	494	281
1997	3,126	101,689,054.00	463	344
1996	4,022	62,258,605.00	995	219
1995	5,930	36,825,149.00	397	115
1994	7,956	47,679,000.00	365	39
1993	7,089	25,164,027.00	305	37

CONSTRUCTION VALUE OF BUILDING PERMITS

	1998	1999	2000	2001
New Residential	\$40,652,250.00	\$17,376,438.00	\$25,258,131.00	\$27,449,870.00
Res. Alterations/Additions	9,926,273.00	11,569,130.00	13,885,950.00	13,850,028.00
New Commercial/Industrial	9,388,400.00	2,177,900.00	1,800,371.00	15,664,463.00
Comm'l Alterations/Additions	<u>16,192,719.00</u>	<u>30,519,144.00</u>	<u>35,760,513.00</u>	<u>16,404,581.00</u>
	<u>\$76,159,642.00</u>	<u>\$61,642,612.00</u>	<u>\$76,704,965.00</u>	<u>\$73,368,942.00</u>
	2002	2003	2004	2005
New Residential	\$49,567,966.00	\$56,391,988.00	\$15,862,810.00	\$4,907,043.00
Res. Alterations/Additions	18,116,875.00	24,681,139.00	18,510,171.00	16,976,914.00
New Commercial/Industrial	9,775,500.00	12,944,635.00	1,564,000.00	17,441,000.00
Comm'l Alterations/Additions	<u>50,490,557.00</u>	<u>9,394,719.00</u>	<u>16,315,333.00</u>	<u>17,356,450.00</u>
	<u>\$127,950,898.00</u>	<u>\$103,412,481.00</u>	<u>\$52,252,314.00</u>	<u>\$56,681,407.00</u>
	2006	2007	2008	2009
New Residential	\$7,206,842.00	\$2,873,400.00	\$ 2,038,000.00	\$ 500,000.00
Res. Alterations/Additions	17,935,739.00	20,357,444.00	18,902,838.00	13,112,650.00
New Commercial/Industrial	1,492,618.00	5,230,700.00	9,144,432.00	1,860,151.00
Comm'l Alterations/Additions	<u>110,318,100.00</u>	<u>14,954,282.00</u>	<u>18,400,978.00</u>	<u>14,657,898.00</u>
	<u>\$136,953,299.00</u>	<u>\$43,415,715.00</u>	<u>\$48,486,248.00</u>	<u>\$30,241,699.00</u>
	2010	2011	2012	2013*
New Residential	\$415,000.00	\$3,093,300.00	\$2,057,000.00	\$807,000.00
Res. Alterations/Additions	15,017,810.00	18,351,691.00	16,031,924.80	1,324,159.00
New Commercial/Industrial	7,278,970.00	2,610,000.00	20,502,895.00	0.00
Comm'l Alterations/Additions	<u>14,723,514.00</u>	<u>15,668,219.00</u>	<u>7,493,859.00</u>	<u>2,435,319.00</u>
	<u>\$37,435,294.00</u>	<u>\$39,723,210.00</u>	<u>\$46,085,678.80</u>	<u>4,566,478</u>

*Through January 31, 2013

**HISTORY TAX RATES FOR REAL PROPERTY
(RATE PER \$100 OF ASSESSED VALUE)**

<u>Year</u>	<u>Rate</u>	<u>School</u>	<u>Municipal</u>	<u>Library</u>	<u>County</u>	<u>Municipal Open Space</u>	<u>County Open Space</u>
2012	9.290	6.089	1.680	0.131	1.255	0.019	0.116
2011	9.097	5.907	1.843		1.208	0.020	0.119
2010	8.635	5.688	1.715		1.131	0.019	0.082
2009	8.570	5.650	1.690		1.090	0.020	0.120
2008	8.290	5.640	1.490		1.020	0.020	0.120
2007	7.910	5.400	1.400		0.970	0.020	0.120
2006	7.370	5.030	1.270		0.960	0.020	0.090
2005	6.960	4.750	1.190		0.910	0.020	0.090
2004	6.510	4.410	1.110		0.890	0.020	0.080
2003	6.220	4.170	1.100		0.860	0.020	0.070
2002	5.820	3.860	1.040		0.830	0.020	0.070
2001	5.380	3.550	1.010		0.780	0.020	0.020
2000	5.070	3.290	0.980		0.760	0.020	0.020
1999	4.890	3.130	0.980		0.740	0.020	0.020
1998	4.760	3.010	0.960		0.750	0.020	0.020
1997	4.640	2.900	0.960		0.760		0.020
1996	4.540	2.780	0.970		0.770		0.020
1995	4.380	2.680	0.930		0.770		
1994	4.190	2.570	0.850		0.770		
1993	4.030	2.450	0.850		0.730		
1992	3.830	2.310	0.790		0.730		
1991	3.750	2.240	0.780		0.730		
1990	3.710	2.180	0.790		0.740		

* There are three local Fire Districts in the Township. Their rates are: Fire District #1 – 0.26; Fire District #2 – 0.10; Fire District #3 – 0.25
 *Public law 2011 Chapter 38 required the Mandatory Library Tax rate be broken out as a separate line.

**DEBT STATEMENT
December 31, 2012**

	<u>Gross</u>	<u>Deduction (1)</u>	<u>Net</u>
1. <u>Total Bond and Notes</u>			
For School Purposes	\$93,447,448.00		
Less Applicable Deductions		\$93,447,480.00	
Net Debt for School			\$0.00
2. <u>Total Bonds and Notes</u>			
Self-Liquidating Purposes	\$42,453,773.00		
Less Applicable Deductions		\$42,453,773.00	
Net Debt Self-Liquidating			\$0.00
3. <u>Total Other Bonds and Notes</u>			
General Purposes	\$52,349,889.00		
Less Applicable Deductions (2)		\$12,751,000.00	
Net Debt for Other Purposes			\$39,598,889.00
TOTAL GROSS DEBT	<u>\$183,251,142.00</u>		
TOTAL DEDUCTIONS		<u>\$148,652,253.00</u>	
TOTAL NET DEBT			<u>\$39,598,889.00</u>

(1) Deduction column is utilized to reflect deductions of the School Debt permitted under New Jersey Statutes. Utility Debt (NJSA 40A:2-45) is sometimes chargeable to the statutory borrowing capacity of the Township but in no way relieves the Utilities from the payment of the Gross Debt shown above. The self-liquidating formula used by the State only includes fees and charges but miscellaneous income is not part of the self-liquidating formula. Therefore, all utility debt is deducted for this statement which may not be the same as reported in the annual audit.

(2) \$12,751,000.00 of general debt is to fund various school and fire district improvements through Shared Services Agreements.

COMPARATIVE ANALYSIS BUDGET TO REVENUE – CURRENT FUND

	2010	2011	2012	2013
Revenue Item	Realized	Realized	Realized	Projected Budget
Fund Balance	2,900,000	2,500,000	2,500,000	2,500,000
Receipt of Delinquent Taxes	2,351,430	2,338,346	2,115,825	1,355,000
Alcoholic Beverage License	55,875	57,125	55,625	55,375
Fees and Other Permits	283,143	186,957	289,757	230,000
Municipal Court Fines & Csts.	1,074,630	1,318,209	1,447,289	1,100,000
Interest and Costs on Taxes	544,731	536,921	561,985	400,000
Energy Receipts Tax (Franchise/Gross) *	3,668,676	3,749,820	3,894,084	3,894,084
C M P T R A	497,921	416,777	272,513	245,262
Int. on Investments & Deposits	70,512	123,550	106,877	60,000
Recreation Fees	1,032,135	1,122,056	1,080,464	959,854
Alliance Prev Alch & Drug-County	46,454	41,454	41,454	41,454
BPU-Host Community Benefits	2,477,082	3,497,918	3,892,500	2,700,000
MCUA Fees – Add	1,251,502	1,101,000	1,153,880	1,000,000
Statewide Mandatory Recycling Funds	50,944	52,300	97,115	50,000
Sale of Assets - Trust Account	15,111	194,823	250	250
Shared Services Agreements:				
Fire Districts 1, 2 & 3	364,164	516,444	617,770	370,237
E B Rescue Squad			23,471	23,471
EB Board of Education	2,120,060	1,743,000	1,743,000	1,743,000
Communication	37,797	40,259	42,000	42,000
East Brunswick Housing Corp.	5,000	15,000	30,000	11,250
Sports Camp	38,845	21,960	20,085	20,085
Police Sign Sales	1,280	350	3,977	5,000
Clean Community Grant	77,425	74,232	75,324	75,324
EBBIC (ROID Grant)	15,000	15,000	15,000	15,000
Capital Surplus	500,000	700,000	700,000	700,000
Escrow Trustee	700,000	750,000	750,000	700,000
Fed/Police Emergency Mgmt Grant	5,000	5,000	5,000	5,000
Safe and Secure Community	60,000			
MClA Recycling/Newspaper	49,900	50,000	53,653	50,000
Community Housing Grant	39,269	39,269	39,269	39,269
Grant Matching	5,000	5,000	5,000	5,000
Sports Programs	14,995	13,315	13,780	13,700
Utility Operating Surplus		100,000	100,000	100,000
Public Safety Body Armor	6,000	6,000	7,000	8,000
DMV – Grant	29,250			
Click It or Ticket Grant	4,400	4,000	4,000	
Drunk/Over Limit	4,000	4,400		
Watershed Moratorium Offset Aid	7,567	7,567	7,567	
Energy Reimbursement	100,000	86,957	100,000	100,000
State Forestry Services	7,000			
Discovery Fees	30,000	30,000	30,000	30,000
EB Daisy Association	36,470	34,000	20,000	20,000
Hotel Tax	770,164	535,212	556,035	500,000
County Outreach Grant - Seniors	12,500	15,872	15,872	15,872
Cops In Shop	7,000	8,000		
Heritage Commission Grant	1,900			

Revenue Item	2010 Realized	2011 Realized	2012 Realized	2013 Proposed Budget
Summer Entertainment Donation	5,000	1,000		
County Grant – Seniors (Balance)		3,000		
July 4 th Celebration Donation	1,500			
Environmental Grant	199,300	0	0	70,000
Bias Prevention and Education Grant	5,000			
Alcohol Education & Rehab	112,000			
County Narcotics Grant	30,000	30,000	30,000	30,000
Youth Programs	10,000	10,000	10,000	10,000
Children’s Summer Concert/Movies	2,450	1,000		
Green Communities Grant	3,000			
Drive Sober or Get Pulled Over		5,000	4,400	
Pedestrian Safety Education Grant		6,752	2,000	
Community Concerns Grant		5,000	5,000	5,000
Tax Abatement (PILOT)			600,000	550,000
Misc. Revenues Not Anticipated	224,331		48,208	
FEMA – Storm Sandy Emergency			1,263,000	
Totals	<u>22,374,052</u>	<u>22,119,845</u>	<u>24,450,029</u>	<u>19,848,487</u>

COMPARATIVE ANALYSIS BUDGET TO REVENUE

WATER UTILITY	2011	2012	2012	2013
Anticipated Revenues	Realized	Budget	Realized	Projected Budget
Surplus	1,255,431.00	1,255,431.00	996,747.00	996,747.00
Connection Fees	230,750.00	40,000.00	124,440.00	40,000.00
Interest on Investments	0			
Water Rents	7,107,589.00	6,678,500.00	7,133,272.00	6,678,500.00
Misc. Revenues	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL WATER UTILITY	8,593,770.00	7,973,931.00	8,259,328.00	7,726,357.00

POOL UTILITY	2011	2012	2012	2013
Anticipated Revenues	Realized	Budget	Realized	Projected Budget
Food Stand	11,500.00	8,000.00	13,400.00	8,000.00
Pool Fees	698,503.00	640,000.00	723,354.00	640,000.00
Interest on Investments	0.00	0.00	0.00	0.00
Misc. Revenues				
Capital Surplus	10,000.00	10,000.00	14,000.00	0.00
Surplus	<u>103,763.00</u>	<u>103,763.00</u>	<u>29,088.00</u>	<u>0.00</u>
TOTAL POOL UTILITY	823,766.00	761,763.00	781,049.00	648,000.00

PARKING UTILITY	2011	2012	2012	2013
Anticipated Revenues	Realized	Budget	Realized	Projected Budget
Parking Fees	1,781,600.00	1,616,141.00	2,110,019	1,816,150.00
Interest on Investments	2,951.00	3,000.00	2,292.00	3,000.00
Rental Park & Ride				
Rent-Suburban Transit	720,115.00	720,000.00	806,720.00	720,000.00
County Energy Grant				
Capital Surplus	600,000.00	600,000.00	0.00	0.00
Non Budgeted. Revenues				
Unexpended Balance of App. Reserves				
Surplus	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL PARKING UTILITY	3,104,666.00	2,939,141.00	2,965,833.00	2,739,150.00

SEWER UTILITY	2011	2012	2012	2013
Anticipated Revenues	Budget	Budget	Realized	Projected Budget
Service Fees	4,769,352.00	4,769,352.00	5,691,921.00	5,050,000.00
Connection Fees	20,000.00	20,000.00	240,845.00	20,000.00
Interest on Investments	1,000.00	1,000.00	2,554.00	4,000.00
Surplus	1,117,915	1,117,915	613,422.00	800,000.00
Misc. Revenues	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL SEWER UTILITY	5,908,267.00	5,908,267.00	6,543,185.00	5,874,200.00

COMPARATIVE SCHEDULE FUND BALANCE UTILIZED

Current Fund			Water Utility		
Year	Balance December 31	Utilized in Budget of Succeeding Year	Year	Balance December 31	Utilized in Budget of Succeeding Year
2012	\$2,785,907.00	\$2,500,000.00	2012	\$,4,109,458.00	\$996,737.00
2011	2,812,467.00	2,500,000.00	2011	3,374,505.00	996,747.00
2010	3,163,790.00	2,500,000.00	2010	3,237,346.00	1,255,431.00
2009	4,289,404.00	2,900,000.00	2009	2,584,816.00	1,075,341.00
2008	2,878,430.00	2,500,000.00	2008	2,359,004.00	1,377,204.00
2007	3,278,486.00	2,900,000.00	2007	1,836,430.00	1,157,590.00
2006	4,077,133.06	4,000,000.00	2006	799,253.20	999,408.00
2005	4,415,290.93	4,000,000.00	2005	1,406,448.40	850,000.00
2004	4,582,906.00	4,000,000.00	2004	865,959.98	1,303,610.00
2003	4,479,162.00	3,500,000.00	2003	1,470,742.00	1,413,368.00
2002	4,038,630.00	4,850,988.00	2002	1,948,549.00	1,329,082.00
2001	6,095,499.00	3,859,285.00	2001	2,177,127.00	1,000,000.00
2000	6,559,660.00	3,331,168.00	2000	1,744,309.00	957,713.00
1999	5,805,540.00	6,000,000.00	1999	1,972,793.00	681,464.00
1998	7,177,961.00	3,000,000.00	1998	1,430,434.00	168,045.00
1997	7,025,108.00	2,293,600.00	1997	1,049,548.00	263,629.00
1996	3,678,359.74	1,847,590.00	1996	530,841.51	718,703.00
1995	2,210,833.07	1,847,590.00	1995	1,148,024.48	349,465.00
1994	2,232,646.69	1,847,590.00	1994	693,145.80	100,000.00

Parking Utility			Pool Utility		
Year	Balance December 31	Utilized in Budget of Succeeding Year	Year	Balance December 31	Utilized in Budget of Succeeding Year
2012	\$1,122,105.00	\$0.00	2012	\$394,034.00	\$0.00
2011	516,249.00	0.00	2011	210,682.00	29,088.00
2010	202,610.00	0.00	2010	185,476.00	103,763.00
2009	659,600.00	659,000.00	2009	115,093.00	83,763.00
2008	800,971.00	363,595.00	2008	173,970.00	93,365.00
2007	1,238,527.00	612,000.00	2007	196,053.00	136,093.00
2006	1,022,255.29	683,560.00	2006	183,241.14	22,199.00
2005	1,341,033.92	337,628.00	2005	121,182.50	50,000.00
2004	1,008,613.27	273,397.00	2004	\$64,334.47	129,874.00
2003	726,451.00	408,111.00	2003	157,004.00	109,726.00
2002	643,285.00	477,347.00	2002	218,680.00	149,486.00
2001	790,701.00	567,333.00	2001	229,869.00	166,786.00
2000	1,006,659.00	443,783.00	2000	300,844.00	8,129.00
1999	1,243,294.00	551,130.00	1999	308,973.00	5,347.00
1998	1,541,645.00	209,053.00	1998	210,900.00	42,126.00
1997	1,337,512.00	200,000.00	1997	241,078.00	23,832.00
1996	347,314.14	680,000.00	1996	174,155.80	123,047.00
1995	682,490.67	842,129.00	1995	286,635.24	0.00
1994	1,058,256.89	1,313,628.00	1994	118,237.62	0.00

Sewer Utility		
Year	Balance December 31	Utilized in Budget of Succeeding Year
2012	\$3,808,012.00	\$800,000.00
2011	3,447,710.00	613,422.00
2010	2,425,646.00	10,000.00

**EQUALIZED VALUATION OF REAL PROPERTY PLUS ASSESSED VALUATION OF
CLASS II RAILROAD PROPERTY**

Year 2012	\$7,316,451,307.00
Year 2011	\$7,641,016,362.00
Year 2010	\$7,999,207,870.00
 Average Equalized Valuation	 \$7,652,225,179.00
Percentage of Net Debt to Average Equalized Valuation	0.517%
Percentage of Gross Debt to Average Equalized Valuation	3.0%
Statutory Debt Ceiling (3.5%) for East Brunswick permits Authorization up to	\$ 229,566,755.00

OVERLAPPING DEBT

	<u>Total Debt</u>	<u>Overlapping Debt</u>
Middlesex County as of 12/31/12	\$659,071,901	\$49,431,892
Middlesex County Utility Authority as of 1/31/13	<u>\$209,865,586</u>	<u>\$ 9,056,359</u>
Total	\$868,937,487	\$58,488,251

Overlapping Debt: Middlesex County has been determined by the ratio of Township Valuation to total County equalization valuation which is 7.53%. Middlesex County Utility Authority overlapping debt is 4.53%.

OUTSTANDING BOND ANTICIPATION NOTES as of 12/12/12

<u>Description</u>	<u>Amount</u>	<u>Maturity</u>
General Capital	\$24,004,000	01/04/13
	1,077,000	04/10/13
	15,309,000	08/06/13
Water Capital	\$ 1,550,000	01/04/13
	1,450,000	08/06/13
Parking Capital	\$29,600,000	04/10/13
Sewer Capital	<u>\$ 900,000</u>	08/06/13
Sub Total	\$83,307,000	
Authorized But Not Issued as of 12/31/12		
General Various	<u>\$ 5,628,773</u>	
Total	<u>\$88,001,982</u>	

RATIO OF ASSESSED TO TRUE VALUATION

<u>Year</u>	<u>Assessed Personal Property</u>	<u>Assessed Valuation Real Property</u>	<u>State Equalized Ratio*</u>	<u>Equalized Valuation*</u>
2013	\$2,654,186	\$1,900,518,900	26.39	\$7,201,663,129
2012	3,075,073	1,930,811,500	25.67	7,521,665,368
2011	3,056,266	1,961,448,900	25.16	7,999,205,000
2010	3,275,529	2,012,600,700	24.54	8,201,306,845
2009	3,585,743	2,022,347,100	24.48	8,257,325,882
2008	3,641,776	2,017,751,600	25.06	8,246,091,122
2007	3,720,999	2,015,368,900	26.23	7,683,449,867
2006	4,111,796	2,022,361,800	28.41	7,118,485,744
2005	4,724,877	2,020,470,500	31.62	6,389,849,779
2004	5,137,447	2,033,647,700	36.90	5,525,163,000
2003	6,080,384	2,002,546,200	41.50	4,840,064,058
2002	6,458,170	1,976,949,300	45.48	4,365,853,995
2001	6,818,652	1,967,289,700	49.80	3,964,072,996
2000	6,826,409	1,941,180,700	52.63	3,701,324,547
1999	9,856,471	1,900,357,500	53.10	3,515,892,262
1998	11,862,592	1,855,076,200	54.11	3,449,796,880
1997	12,326,931	1,822,741,800	54.62	3,359,701,082
1996	11,969,500	1,816,146,000	54.41	3,374,933,977
1995	12,384,528	1,800,092,700	54.18	3,336,088,877
1994	12,810,558	1,805,491,300	56.00	3,246,967,604
1993	13,024,661	1,805,224,400	57.55	3,159,422,954

*State Division of Taxation Equalization Tables-produced annually each October

ASSESSED VALUE BY CLASSIFICATION OF REAL PROPERTY

<u>Year</u>	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Vacant Land</u>
2013	\$1,900,518,900	\$1,487,821,400	\$289,836,100	\$87,643,100	\$19,733,100	\$12,697,200
2012	1,930,811,500	1,498,633,500	303,218,900	91,231,200	21,457,100	13,483,800
2011	1,961,839,900	1,517,369,700	309,715,700	93,508,000	24,317,200	14,551,600
2010	2,012,600,700	1,555,083,900	337,851,900	94,190,800	28,205,900	14,551,600
2009	2,020,347,100	1,528,947,400	339,965,000	94,814,900	35,525,900	18,081,100
2008	2,017,751,600	1,525,964,300	342,894,700	95,344,300	32,988,700	17,546,800
2007	2,015,368,900	1,518,562,800	349,214,100	96,603,700	32,110,300	18,878,000
2006	2,022,361,800	1,507,945,200	362,714,600	100,762,600	33,814,700	17,124,700
2005	2,020,124,300	1,498,193,000	364,725,700	103,127,500	33,814,700	17,435,400
2004	2,033,647,700	1,484,363,900	385,686,700	110,709,900	33,814,700	19,072,500
2003	2,002,546,200	1,452,870,600	380,584,400	111,135,800	33,814,700	24,135,700
2002	1,976,949,300	1,428,265,700	382,759,100	111,821,300	33,814,700	19,938,800
2001	1,967,289,700	1,417,064,100	382,799,900	117,352,900	33,814,700	16,258,100
2000	1,941,180,700	1,392,462,100	370,854,400	117,352,900	36,913,900	18,597,400
1999	1,900,357,500	1,371,041,100	351,563,900	116,853,600	37,069,700	23,829,200
1998	1,855,076,200	1,332,034,500	345,591,300	111,285,900	37,265,400	28,899,100
1997	1,822,741,800	1,303,457,300	338,036,300	116,139,200	37,096,900	28,012,100
1996	1,816,146,000	1,293,524,200	330,154,400	130,025,900	36,928,500	25,513,000
1995	1,800,092,700	1,280,533,200	327,378,000	130,252,100	33,811,800	28,117,600
1994	1,805,491,300	1,278,367,500	323,680,900	132,421,800	33,811,800	37,209,300
1993	1,805,224,400	1,270,147,100	323,588,600	133,438,500	36,665,300	41,384,900

CURRENT REAL PROPERTY TAX COLLECTION EXPERIENCE

<u>Year</u>	<u>Tax Levy</u>	<u>Taxes Collected</u>	<u>Percent Collection</u>
2012	\$183,778,664.00	\$179,004,295.00	98.20%
2011	181,056,096.00	178,256,096.00	98.41%
2010	176,665,195.09	174,215,848.30	98.61%
2009	177,485,925.21	174,710,624.45	98.43%
2008	171,394,339.00	169,280,254.00	98.69%
2007	162,794,590.00	160,741,613.00	98.65%
2006	143,785,322.81	142,671,552.16	99.23%
2005	140,791,440.30	138,473,123.94	98.35%
2004	134,891,940.00	133,165,323.00	98.72%
2003	129,164,251.00	127,500,284.00	98.71%
2002	119,228,410.00	117,768,815.00	98.76%
2001	109,653,813.00	108,212,055.00	98.68%
2000	101,900,957.00	100,583,878.00	98.71%
1999	96,997,078.00	95,592,477.00	98.55%
1998	92,147,436.81	90,575,781.00	98.29%
1997	87,958,357.00	87,123,519.00	99.05%
1996	85,496,826.53	84,549,679.35	99.05%
1995	81,606,852.58	80,404,959.24	98.46%
1994	78,102,768.26	76,923,942.74	98.52%
1993	75,251,791.04	74,130,541.64	98.51%
1992	72,182,546.50	70,114,906.10	97.14%
1991	71,435,333.84	69,512,460.37	97.31%
1990	70,643,612.05	68,595,591.98	97.10%

DELINQUENT TAXES as of 12/31 year end

<u>Year</u>	<u>Delinquent Taxes Balance Dec. 31</u>	<u>Tax Title Liens Balance Dec. 31</u>	<u>Delinquent Taxes Budgeted</u>	<u>Delinquent Taxes Collected</u>
2012	\$2,698,582.00	\$8,848.00	\$1,355,000.00	\$2,435,314.00
2011	2,372,945.00	62,377.00	1,355,000.00	2,338,346.00
2010	2,301,789.22	52,738.42	1,355,000.00	2,339,539.23
2009	2,274,268.89	114,155.05	1,200,000.00	2,166,596.35
2008	2,114,085.00	83,707.00	1,200,000.00	2,005,605.00
2007	1,879,528.00	78,195.94	1,100,000.00	1,578,358.00
2006	1,577,318.00	72,928.70	1,100,000.00	1,794,912.00
2005	1,784,372.17	68,197.05	900,000.00	1,784,372.16
2004	1,369,074.00	63,483.00	900,000.00	1,779,989.00
2003	1,729,192.00	59,212.00	900,000.00	2,438,760.00
2002	1,850,999.00	107,006.00	900,000.00	1,408,448.00
2001	1,667,156.00	84,652.00	900,000.00	1,617,491.00
2000	1,274,282.00	58,083.00	900,000.00	841,479.50
1999	1,398,429.00	62,031.00	610,000.00	1,587,572.00
1998	95,981.00	116,262.00	520,000.00	987,026.00
1997	26,859.60	152,266.24	1,000,000.00	1,171,464.07
1996	917,632.36	173,348.19	1,000,000.00	1,249,166.20
1995	1,164,065.74	170,031.28	1,000,000.00	1,636,471.41
1994	1,554,968.47	243,307.71	1,152,410.00	1,049,068.58
1993	1,402,597.27	312,437.07	1,500,000.00	1,244,967.29
1992	1,422,734.60	471,024.84	1,500,000.00	1,580,176.92
1991	1,454,454.26	591,075.14	1,500,000.00	1,891,882.65
1990	2,184,639.46	38,458.94	1,500,000.00	2,433,335.00

EAST BRUNSWICK TEN HIGHEST RATABLE

	<u>2012 Assessed Valuation</u>
Brunswick Square Mall	\$ 30,266,800
Mid State Mall	15,460,000
Tower Center II	15,159,200
Tower Center I	12,374,400
East Brunswick VF, LLC	9,500,000
L.P.E. Partners	9,038,400
Wyndmoor	7,769,400
East Coast Cranbury	6,000,000
Toll JM EB, LLC	5,977,600
Belmont Associates	5,880,600

SUMMARY TAX APPEALS 2012 REAL PROPERTY ASSESSMENTS (2012 Filing by April 1)

County Board of Taxation Appeals by Property Class

Class 1 Vacant	20
Class 2 Single Family	730
Class 2 Condos	67
Class 3A Farm House	0
Class 4A Commercial	57
Class 4B Industrial	<u>20</u>
	899

State Tax Court Direct Appeals*

Class 1 Vacant	6
Class 2 Single Family	16
Class 4A Commercial	46
Class 4B Industrial	42
Class 4C Apartments	<u>5</u>
Total	115

HOST COMMUNITY BENEFITS

The State Legislature adopted Public Laws of 1985, Chapter 38 authorizing a minimum of \$1.00 per ton Host Community Benefits to municipalities in which a solid waste disposal facility was sited. The Township of East Brunswick has located within its political boundaries a Landfill operated by Middlesex County Utilities Authority (MCUA). The Authority took over operation of the landfill from the investor owners as of January 1988. Prior to that time, it was operated by a private family.

The Township of East Brunswick has received Host Community Benefits in accordance with NJSA 13:1E-136 since 1985. East Brunswick will continue to receive Host Community Benefits for the next twenty years which is the life expectancy of the landfill. The current agreement with the MCUA continues paying the minimum of \$3.5 million each year. We had a Host Community Benefit Agreement based upon the sale of methane gas to energy. It pays a small amount each year through 2012 but the plant is down. As one can see from the following table, Host Community Benefits have served to be a very stable revenue for East Brunswick and will continue to be a major source of revenue in years to come.

HOST COMMUNITY BENEFITS

<u>Year</u>	<u>Received Annually</u>	<u>Year</u>	<u>Received Annually</u>
2012	5,046,380.00	1999	4,600,000.00
2011	4,599,018.00	1998	4,600,000.00
2010	3,728,584.00	1997	4,600,000.00
2009	5,031,945.00	1996	4,600,000.00
2008	4,193,238.00	1995	4,600,000.00
2007	4,626,629.00	1994	4,600,000.00
2006	4,767,762.00	1993	4,600,000.00
2005	4,837,998.00	1992	4,600,000.00
2004	4,600,000.00	1991	4,600,000.00
2003	4,654,917.00	1990	3,560,000.00
2002	4,850,000.00	1989	3,150,000.00
2001	4,600,000.00	1988	2,300,000.00
2000	4,600,000.00	1987	1,094,302.00
		1986	3,063,000.00

Subdivisions and Development

New Jersey Statute Annotated 40:55D-33 requires developers to post guarantees and sureties with the Township before final subdivision, plats or conditions may be approved. A number of communities throughout the State have found their form of guarantee has evaporated as a result of bankruptcy proceedings or unilateral action taken by the Resolution Trust Company (RTC). The Planning Board for the Township has granted subdivisions to various developers all of which are in various stages of completion. The performance guarantees posted with the Township are in the form of both cash and performance bonds provided in accordance with the engineer's estimates. The Township closely monitors these guarantees and is able to report that sufficient surety is available to meet all of the conditions as approved by the Planning Board. Therefore, the installation of water mains, culverts, storm sewers, sanitary sewers and other means of sewerage disposal, drainage structures, erosion control and sedimentation control devices, public improvements of open space and on site improvements and landscaping will be completed and posing no financial burden on the Township. Developments were approved in a staging fashion and there are no partially completed structures or abandoned structures within the Township.

TOWNSHIP BUDGET

Pursuant to the "Local Budget Law" (N.J.S.A. 40A:4-1 et seq.), the Township is required within the provisions of the Local Budget Law, to have a balanced budget and debt service is included in full for each fiscal year.

The foundation of the New Jersey local finance system is based on a cash basis budget. The Township must adopt an 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 must be certified by the Director of the Division prior to final adoption of the budget. The Local Budget Law requires the Township appropriate sufficient funds for payment of current debt service and the Director of the Division is required to review the adequacy of such appropriations, among others, before certification.

The Local Budget Law limits anticipation of real property tax revenue to the same ratio as actual cash collections were in the previous year and requires a reserve amount to be factored into the budget to make up for the expected shortfall in actual collections. The School District and Middlesex County receive 100 percent of their tax levies, which are collected and paid to them by the Township. Anticipated non-property tax revenues are limited unless the Director of the State Division of local government services authorizes a higher figure.

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

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

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

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

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

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

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

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

AMERICANS WITH DISABILITY ACT (ADA)

The Americans with Disabilities Act (Public Law 101-336) was enacted on July 26, 1990. This Act provides comprehensive civil rights protection to individuals with disabilities in the areas of employment, public accommodation, state and local government services and programs plus telecommunications capabilities.

The Township of East Brunswick was required to adopt an ADA grievance procedure for prompt and equitable resolution of complaints alleging any acts prohibited by U.S. Department of Justice regulations implementing Title II of the Act. The Township is in compliance with the Federal Legislation and East Brunswick's has funded over \$1 million of improvements to provide access. There will be ongoing capital costs associated with compliance, but it will not be significant and said costs will be part of the annual capital budget. All of the Township's facilities are handicapped accessible or we are in the process of converting same.

INSURANCE

The governing body for East Brunswick provides for liability, property damage and workers compensation coverage in accordance with N.J.S. 40A:10-36. The Township joined the Central Jersey Joint Insurance Fund (CJJIF) which through State Law authorizes communities to form a joint pool for the purpose of insuring against liability, property damage and workers compensation. The concept of pooling arose during 1985 and 1986 when insurance premiums and deductibles rose drastically and the amount of coverage available became limited. This has enabled communities to use risk management techniques to insulate themselves from the cyclical nature of the conventional marketplace. The annual financial statement is on file with the rating agency and the New Jersey Department of Banking and Insurance and Department of Community Affairs.

There are statewide seventeen (17) Joint Insurance Funds like CJJIF which have pooled to provide excess liability through a Municipal Excess Liability Joint Insurance Fund (MEL) established in 1987. The MEL provides adequate levels of excess liability insurance at the lowest cost.

The Municipal Excess Liability Insurance fund (MEL) operates under the fleet concept of seventeen (17) affiliated local JIFs, consisting of 400 plus entities. As of July 2002, the CJJIF joined the MEL, prior to that each individual member of CJJIF was a member of the MEL. The MEL's annual financial statement is on file with the rating agencies and New Jersey Department of Banking and Insurance and Department of Community Affairs.

The following coverage is provided to East Brunswick through the CJJIF and MEL:

General Liability, Law Enforcement Professional Liability, Automobile Liability and Employee Benefits

Liability: Limit of Liability - annually

\$7,000,000 per occurrence combined single limit.

Self Insured Retention:

\$ 100,000 self insured retention per occurrence is retained by the Township of East Brunswick.

Workers' Compensation/Employers' Liability - The CJJIF provides the statutory level of coverage.
Public Official Liability

Limit of Liability

\$2,000,000 each loss and annual aggregate.

Property Coverage

Loss Limit

\$250,000,000 statewide limit

Crime Coverage

Limit of Liability

\$1,000,000 per loss

Money and Securities Limit of Liability

\$1,000,000 per loss

Employment Practices Liability (EPL) - \$5,000 deductible and then 20% of the first \$100,000 for a total of \$25,000

Each year East Brunswick employs an independent consultant to evaluate incurred losses and to estimate incurred but not reported claims. Based upon years of experience during which East Brunswick has managed its limited self insurance program, the Township has established reserves for general liability which are specifically identified and fully reserved. Also, based upon the independent analysis of the losses, the Township's rates for the forthcoming year are established and funded 100% in each annual budget. Further information on the Township's Risk Management Plan and statistical information on the amount reserved for future claims is available by contacting the Chief Finance Officer.

Health Benefits

The Township offers to its employees a comprehensive health benefit program which consists of medical, dental and prescription in accordance with various collective bargaining agreements. The collective bargaining agreements provides for continuation of medical coverage upon retirement if an employee has worked for the Township for a period of 25 years or the employee has worked for the Township for 15 years and has reached the age of 62 or older at time of retirement. Currently, the Township has 275 retired employees who receive continuation of medical benefits. The cost of providing this post retirement coverage is on a pay as you go budget and funds are fully appropriated as part of the Township's self-insurance program.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. 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.

Debt Limits

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 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 Director of Taxation.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit. The Township has not exceeded its statutory debt limit.

Exceptions to Debt Limits - Extensions of Credit

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

Short Term Financing

The Township may sell short term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. From the third year to and including the tenth 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.

School Debt Subject to Voter Approval

State law permits the school district upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limit of 4% of the equalized evaluation basis, 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 Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

Appropriation "CAPS" / Property Tax Levy "CAP"

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. The Governor signed into law P.L. 2004, c. 74, which revised and made permanent the "Cap Law". 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 formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by 2.5% or the CPI, whichever is lowest. The CPI is the rate of annual percentage increase computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other appropriations including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal service agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by State or Federal 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.

The "Cap Law" and the Tax Levy Cap do not limit the obligation of the Township to levy ad valorem taxes upon all taxable real property within the Township to pay debt service on the Obligations.

GENERAL PROPERTY TAX LANGUAGE

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Assessments are the results of a ratio for new assessments on a like basis with established comparable properties. This method assures equitable treatment to like property owners. It often results in a divergence of the assessment as a ratio to true value, because changes in property resale values and annual adjustments do not keep pace with the changing sales value. The last re-evaluation of all property in East Brunswick was last completed in 1983.

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

Tax bills should be mailed annually in June by the Tax Collector. Property tax payments are due August 1 and November 1 respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year, are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. These interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

MISCELLANEOUS REVENUES OTHER THAN PROPERTY TAX

"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." Section 40A:4-26, N.J.S.A.

"No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof." Section 40A:4-10, N.J.S.A.

The exception to miscellaneous revenues is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting budget appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

REAL ESTATE TAXES

The same general principal is carried forward in regards to property taxes. Section 40A:4-29 delineates how one may anticipate delinquent tax collections as part of the annual budget.

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 years.

In regard to current taxes: "Receipts from the collections of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by December 31 of such preceding fiscal year." Section 40A:4-41, N.J.S.A.

RESERVE FOR UNCOLLECTED TAXES

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

Levy required to balance budget

Prior year's % of current tax collection = Total Taxes to be Levied
(or lesser %)

SPECIAL FACTS OF INTEREST TO INVESTORS

Deferral of Current Expenses

Emergency appropriations (those made after the adoption of the budget and the determination of the property tax rate) may be authorized by 2/3's vote of the Township Council. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

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

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body, however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year. However, transfers may not be made between salary and other expense appropriations within an account, or between accounts unless approved by a 2/3 vote of the governing body.

Operation of Utilities

Municipal public utilities are to be supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property if they have a revenue shortfall.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Capital Budget

In accordance with the Local Budget Law, the Township must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the 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.

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

This law regulates the non-budgetary financial activities of the Township. An annual, independent audit of the Township's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division's "requirements of audit," includes recommendations for improvement of the Township's financial procedures and must be filed with the Director of the Division prior to June 1 of each year. 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 full audit is on file with the State Division of Local Government Services, Moody's Investment Service, the Public Library and at the Municipal Clerk's office.

The Chief Finance Officer of the Township must file annually with the Director of the Division a verified statement of the financial condition of the Township and all constituent boards, agencies or commissions as of February 10th following the close of the calendar year.

LITIGATION

In the opinion of the Township Attorney, there is no litigation pending or threatened that would materially affect the financial stability of the Township. A listing of open cases can be obtained upon request to the Township Attorney care of the Township.

There is no litigation pending or threatened, restraining or enjoining the issuance or delivery of the Obligations or the levy or collection of any taxes to pay the interest on or principal of said Obligations, or in any manner questioning the authority of proceedings for the issuance of said Obligations or for the levy collection of said taxes or contesting the corporate existence on the boundaries of the Township or the title of any of the present officers.

PENSION INFORMATION

Full time Township employees who are eligible for pension coverage are enrolled in one of two State of New Jersey pension systems. The pension systems are established by act of the State Legislature and benefits, contributions, means of funding and the manner of administration are determined by State Legislation. All levies are paid in full each year. The local governments have been paying 100% of the pension billing since 2009, thus the funding ratios are much higher than that of the State.

The State administered pension funds are: the Police and Firemen's Retirement System (PFRS) (N.J.S. 43:16A) (funded based on latest Valuation at 72% for local's obligation) and the Public Employees' Retirement System (PERS) (N.J.S. 43:15A) (funded based on latest Valuation at 71% for local's obligation). The Division of Pensions within the Treasury Department of the State of New Jersey is the administrator of the funds. This Division charges annually counties and other governmental units for their respective contributions which are to be paid as of April 1st each year. Full audited information is available through the State Division of Pensions.

State law regulates the administration of the Pension System. State law provides that all funds within the Pension System are subject to actuarial valuation every year and actuarial experience investigation every three years. Such valuations and investigations are designed to insure that the Pension System Components adequately recognize the additional costs resulting from experience or legislative changes in the benefits to be paid. As these Pension System Components are designed to be fully funded reserve programs, any amendment increasing liabilities is met by an increase in the normal (employer) contribution as well as the establishment of an accrued liability to be financed over a period of years. For the 2011 valuation year, Buck Consultants, Inc., served as consulting actuary for both PERS and PFRS.

The Division of Investment of the New Jersey Department of the Treasury, which is under the independent supervision of the State Investment Council, invests the assets of the Pension System. State law generally regulates the types of investments which are permitted.

The Township makes two types of contributions on an annual basis to fund the Township's obligations under the Pension System, consisting of a "normal" contribution to cover costs of members and an "unfunded accrued liability contribution" representing pension benefits earned in prior years which, pursuant to standard actuarial practices, are not yet fully funded. The local portion of PERS in 2012 was funded as billed and payment was made April 1, 2012. The PFRS was funded as billed and payment by the Township was made April 1, 2012.

In 2011 the Governor and Legislature agreed upon what is referred to as "Pension and Health Benefit Reforms" and adopted Chapter 78 Public Laws of 2011. This legislation will require employees in the PERS to contribute an additional 1% (going from 5.5% to 6.5%) effective October 1, 2011. Members of the PFRS contribution will increase from 8 ½ % to 10% effective October 1, 2011. Also, the retirement age was adjusted for all new employees and the base upon which the pension is to be established was modified. These pension reforms will significantly improve the funding ratio of both pension systems (PERS and PFRS).

Also, as part of Chapter 78, is a requirement that all public employees pay a portion of the health and prescription premium costs. There is a four-year phase in plan which becomes effective June 28, 2011. The amount paid, as a percent of the premium, is based upon salaries, ranging from 3% to 35% based upon the four year phase in and salary paid to the employee. The mandatory employee contribution will be used to fund current and future health benefit obligations. Employees who have less than twenty years in the pension system at the time the legislation was approved (June 28, 2011) will be required to pay at the same rate in retirement. Those individuals will be required to pay a portion of the premium cost during retirement. This is a major change in the method of funding current and post- retirement health benefits for public employees within the State of New Jersey.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et. seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

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

TAX EXEMPTION

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 Obligations under the Internal Revenue Code of 1986, as amended ("Code"). Failure to comply with certain requirements of the Code could cause interest on the Obligations to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Obligations. In the opinion of DeCotiis, FitzPatrick & Cole, LLP, Bond Counsel, to be delivered at the time of original issuance of the Obligations, assuming continuing compliance by the Township with certain covenants described herein, under current law, interest on the Obligations is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax; however, interest on the Obligations held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Obligations in "adjusted current earnings" (see discussion below). No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Obligations.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Obligations in order to assure that the interest on the Obligations 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 Obligations be rebated to the federal government. Noncompliance with such requirements may cause interest on the Obligations 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 Obligations 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 Obligations, 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 Obligations, 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 Obligations from gross income under Section 103 of the Code.

In the opinion of Bond Counsel, under current law interest on the Obligations 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 Obligations.

Alternative Minimum Tax. Section 55 of the Code provides that an alternative minimum tax is imposed on corporations at a rate of 20 percent. For purposes of the corporate alternative minimum tax, the Code includes an increase adjustment for computation of the alternative minimum tax consisting generally of seventy-five percent of the amount by which "adjusted current earnings" exceeds alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction). Thus, to the extent that interest on the Obligations is a component of a corporate holder's "adjusted current earnings", a portion of that interest may be subject to an alternative minimum tax.

Bank Qualification. The Obligations will not 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 Obligations 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 Obligations, held by an S corporation would be included in the calculation of excess net passive income.

Other Federal Tax Consequences. Owners of the Obligations should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of each of the Obligations 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 ("IRS") has established an expanded audit program for tax-exempt bonds. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Obligations involving either the Obligations or other tax-exempt bonds will not have an adverse effect on the tax-exempt status or market price of the Obligations.

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

SECONDARY MARKET DISCLOSURE

The Township has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Township by no later than nine (9) months after the end of each fiscal year, commencing with the fiscal year ending December 31, 2012 (the "Annual Report"), and has covenanted for the benefit of the holders and beneficial owners of the Bonds and the Notes to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of material events will be provided to the Municipal Securities Rulemaking Board (the "MSRB") and will be in an electronic format as prescribed by the MSRB and shall be accompanied by such identifying information as is 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 the forms of "Continuing Disclosure Certificates" set forth as Appendix "D-1" and "D-2". These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Obligations are subject to the approval of DeCotiis, FitzPatrick & Cole, LLP, Teaneck, New Jersey, Bond Counsel to the Township, whose approving legal opinions will be delivered with the Obligations substantially in the forms set forth as Appendix "C-1" and "C-2".

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Obligations, by certificates signed by the Chief Finance Officer that to his knowledge such descriptions and statements, as of the date of this Official Statement are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact

necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The Local Fiscal Affairs Law (NJS 40A:5-4) requires that every local government employ the services of an independent audit firm to cause an annual audit of its books, accounts and financial transactions to be made. Summation from the audited financial statements were extracted by the Chief Finance Officer. Full and complete audit statements are on file at the Division of Local Governmental Services, State Dept. of Community Affairs, Moody's Investors Service and the East Brunswick Municipal Building. The selection of what material was to be extracted was made without the consent or approval of the independent audit firms. As indicated on Appendix "B", the Township's audited financial statements for the period ending December 31, 2011 and 2010 are available on the Township web site.

A requirement of the Local Fiscal Affairs Law is that a synopsis of all audits together with recommendations made by the accounting firm must be published by the Municipal Clerk in the local newspaper and the Municipal Council must sign a statement and pass a resolution confirming they have read the recommendations. The Township has complied with these requirements and further information is available upon request.

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

DeCotiis, Fitzpatrick & Cole, LLP (Bond Counsel) and Hutchins, Farrell, Meyer & Allison, PA (Auditor) have not participated in the preparation of the financial or statistical information contained in this Official Statement nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

RATINGS

Moody's Investors Service ("Moody's") has assigned a rating of "Aa1" to the Bonds. No rating was requested for the Notes. An explanation of the significance of such rating may be obtained from Moody's. The rating is not a recommendation to buy, sell or hold the Bonds and there is no assurance that such ratings will continue for any given period of time or that either rating will not be revised downward or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings by Moody's may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by _____ from the Township at an aggregate purchase price of \$_____. The Notes are being purchased by _____ from the Township at an aggregate purchase price of \$_____.

ADDITIONAL INFORMATION

Inquiries regarding this Preliminary Official Statement including information additional to that contained herein may be directed to the Chief Finance Officer, L. Mason Neely, or the Assistant Finance Director/Tax Collector, Michelle O'Hara, East Brunswick Township, P. O. Box 1081, East Brunswick, New Jersey 08816-1081, Telephone (732) 390-6860, Fax (732) 390-6995 or e-mail at Lneely@eastbrunswick.org.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representation of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Obligations. All quotations from and summaries and explanations of provisions of law as of the State of New Jersey herein do not purport to be complete.

This Official Statement has been duly executed and delivered by the Chief Finance Officer of the Township of East Brunswick and is to replace all prior official statements with this up to date disclaimer.

TOWNSHIP OF EAST BRUNSWICK

Chief Finance Officer

APPENDIX A

TOWNSHIP COMPARATIVE FINANCIAL INFORMATION

CURRENT FUND – COMPARATIVE BALANCE SHEET

	Balance Dec. 31, 2011	Balance Dec. 31, 2010	Balance Dec. 31, 2009	Balance Dec. 31, 2008	Balance Dec. 31, 2007	Balance Dec. 31, 2006
ASSETS AND DEFERRED CHARGES:						
Cash - Treasurer						
Cash - payroll						
Cash - investments						
Cash and Cash Equivalents	11,247,612.25	9,822,455.21	12,368,039.32	11,436,529.63	12,149,521.32	12,456,529.85
Change funds	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Accounts receivable - grants						
Homestead Benefit Credit	2,740,087.51					
Deferred Charges						
Exemp. due from St.of NJ	<u>11,000.00</u>	<u>6,000.00</u>	<u>8,000.00</u>	<u>6,000.00</u>	<u>10,250.00</u>	<u>5,250.00</u>
	<u>14,000,699.76</u>	<u>9,830,455.21</u>	<u>12,378,039.32</u>	<u>11,444,529.63</u>	<u>12,161,771.32</u>	<u>12,463,779.85</u>
Receivables with Full Reserves:						
Delinquent property taxes	2,519,331.26	2,301,789.22	2,340,224.63	2,129,388.84	2,003,575.78	1,577,319.92
Tax title liens	5,754.14	52,738.42	114,155.05	83,707.52	78,175.94	72,928.70
Property acquired for taxes						
Revenue accounts receivable	125,814.39	90,786.64	95,845.21	98,686.84	76,666.53	78,934.66
Health liens						
Foreclosed Property	89,434.08	89,434.08				
Interfunds receivable -grant fnd						
Other Municipal Charges	3,770.00	9,935.00	7,959.50	9,299.06	165.00	4,429.62
Interfunds - trust	<u>213,603.96</u>	<u>249,234.20</u>	<u>69,571.60</u>	<u>287,945.64</u>	<u>528,509.50</u>	<u>80,000.00</u>
	<u>2,957,707.83</u>	<u>2,793,917.56</u>	<u>2,627,755.99</u>	<u>2,609,027.90</u>	<u>2,687,092.75</u>	<u>1,813,610.90</u>
TOTAL ASSETS	<u>16,958,407.59</u>	<u>12,624,372.77</u>	<u>15,005,795.31</u>	<u>14,053,557.53</u>	<u>14,848,864.07</u>	<u>14,277,390.75</u>
Federal &State Grant Fund						
Cash	98,469.10	9,885.93	156,899.48	138,342.48	129,838.69	112,402.62
Fed &St Grant Fund receivable	127,259.08	160,666.00	94,696.13	140,116.98	331,694.60	343,918.56
Interfund receivable - Current Fund		<u>148,844.20</u>	<u>398,274.92</u>	<u>170,906.01</u>	<u>24,054.37</u>	<u>106,474.37</u>
	<u>225,728.18</u>	<u>259,396.13</u>	<u>649,870.53</u>	<u>449,365.47</u>	<u>485,587.66</u>	<u>562,795.55</u>
LIABILITIES, RESERVES AND FUND BALANCE:						
Expenditure Reserves:						
Encumbrances	2,119,213.04	953,470.80	2,812,979.26	1,130,224.56	1,929,945.09	2,567,028.94
Appropriation reserves	1,780,214.41	3,030,143.67	2,722,049.81	4,457,876.99	3,110,411.48	2,188,010.20
Reserve for dedicated exp.	172,827.64	138,859.64	410,274.21	372,225.79	2,909,132.53	2,155,978.76
Accounts Payable	8,637.96	8,637.96	8,637.96	8,637.96	8,637.96	2,995.01
Payables:						
Fees due to St. of New Jersey	13,252.76	20,122.34	8,323.72	14,807.73	12,115.06	9,237.53
Payroll deductions payable						
Tax anticipation notes						
Tax overpayments	38,872.43	1,876.20	11,543.40	4,115.35	3,144.73	53,329.59
Reserve for tax appeals	1,446,459.18	1,500,720.00	636,903.97	761,692.29	500,000.00	635,677.91
County taxes payable	20,891.06	28,599.38	72,745.96	52,520.64	88,328.78	177,887.48
School taxes payable						
Due to Trust - Other Fund						
Prepaid taxes	3,703,809.20	782,354.60	605,716.67	579,596.60	419,588.94	506,219.33
Energy grant appeal						
Trust Fund	1,981,524.61					
Police Training Ut. Oper. Fund	2,430.22					
Due to outside lien holder						
Def. crg due to Gen Cap Fnd						
Interfunds	<u>0.00</u>	<u>148,844.20</u>	<u>800,668.43</u>	<u>1,303,370.03</u>	<u>24,054.37</u>	<u>131,349.28</u>
	<u>11,288,232.51</u>	<u>6,666,664.31</u>	<u>8,089,843.39</u>	<u>8,685,067.94</u>	<u>9,005,358.94</u>	<u>8,427,714.23</u>
Reserve for Receivables	2,957,707.83	2,793,917.56	2,627,755.99	2,609,027.90	2,687,092.75	1,813,610.90
FUND BALANCE	<u>2,712,467.25</u>	<u>3,163,790.90</u>	<u>4,288,195.93</u>	<u>2,759,461.69</u>	<u>3,156,412.38</u>	<u>4,036,065.62</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>16,958,407.59</u>	<u>12,624,372.77</u>	<u>15,005,795.31</u>	<u>14,053,557.53</u>	<u>14,848,864.07</u>	<u>14,277,390.75</u>
Federal &State Grant Fund						
Interfund payable - Current Fund						
Reserve for encumbrances						
Unappropriated Reserves	63,945.24	72,016.40	514,045.05	202,013.14	185,219.43	167,411.21
Appropriation Reserves	<u>161,782.94</u>	<u>187,379.73</u>	<u>135,825.48</u>	<u>247,352.33</u>	<u>300,368.23</u>	<u>395,384.34</u>
	<u>225,728.18</u>	<u>259,396.13</u>	<u>649,870.53</u>	<u>449,365.47</u>	<u>485,587.66</u>	<u>562,795.55</u>

Audited information extracted from annual audit filed in accordance with N.J.S.A. 40A:5-4.

CURRENT FUND – COMPARATIVE STATEMENT OF OPERATIONS & CHANGES IN FUND BALANCE

	Year 2011	Year 2010	Year 2009	Year 2008	Year 2007	Year 2006
Revenue and Other Income:						
Fund balance utilized	2,500,000.00	2,900,000.00	2,500,000.00	2,920,200.00	4,000,000.00	4,000,000.00
Misc. revenue anticipated	17,265,599.81	16,901,525.64	21,562,585.12	29,30,675.32	30,576,553.05	30,954,315.53
Receipts from delinquent taxes	2,338,345.83	2,351,403.07	2,166,596.35	2,030,783.00	1,578,358.23	1,794,912.02
Receipts from current taxes	177,905,277.25	173,352,032.27	174,710,624.45	168,660,748.89	160,764,886.38	150,299,437.48
Non budget revenue	378,457.90	471,835.63	338,386.90	283,286.99	180,031.39	196,651.56
Other credits to Income:						
Appropriation reserve lapsed						
Tax Overpayments Cancelled						
Grant Unappr reserve Cancel		116,333.67				
Refund of prior year expend.		7,645.17				
Health liens, Escrow liens						
Unexpended bal. of appr.resrve	1,261,044.45	2,193,874.66	2,072,375.68	656,967.79	1,281,426.65	692,859.05
Transfers from reserve for dedicated expenditures						
Canceled reserve for tax appeal						
Statutory Excess	6,213.34					
Interfunds returned	249,234.20	69,571.60	287,945.64	528,509.50	80,000.00	28,405.83
Misc./Acct. Payable Cancelled						
Other		297,694.97	3,397.21	8,276.36	19,303.25	112,798.80
	<u>201,904,172.78</u>	<u>198,661,916.68</u>	<u>203,641,911.35</u>	<u>204,469,447.85</u>	<u>198,480,533.95</u>	<u>188,079,380.27</u>
Expenditures						
Budget & Emergency Appropriations						
Operations:						
Salaries and Wages/OE	53,542,980.74	53,497,225.80	56,621,114.95	60,824,360.69	60,336,250.00	57,862,312.85
Other Expenses						
Capital Improvements						
Municipal Debt Service						
Statutory expenditures						
Judgments						
Deferred charges						
Budget Expenditures						
Increase reserve for interfunds						
Tax overpayments added						
Local district school tax	114,034,904.50	114,643,311.00	114,316,540.00	113,892,963.50	108,989,388.00	102,008,646.00
County taxes	26,074,323.61	24,460,535.49	24,532,449.50	23,087,410.44	22,065,796.72	21,348,080.14
Fire district tax	3,543,849.00	3,527,927.00	3,558,776.00	3,423,139.00	3,109,631.00	2,853,576.00
Municipal Open Space Reserve	398,478.00	402,699.44	405,994.09	405,201.41	403,092.00	407,973.74
Interfunds	213,603.95	249,234.20	69,571.60	287,945.64		
Grant Receivable Cancelled		90,425.15	92,128.92		18,316.25.00	
Due from State of New Jersey						
Miscellaneous Expenditure	33,563.02				7,110.58	2,916.70
Sr Cit/Vets Accts Rec						
Adjustment	13,793.60	14,963.63	16,602.05	25,177.86		
(Credit)/Reserve for tax appeals						
	199,855,496.43	196,886,321.71	199,613,177.11	201,946,198.54	195,360,207.19	184,483,485.43
STATUTORY EXCESS TO FUND BALANCE						
Fund Balance, January 1	2,048,676.35	1,775,594.97	4,028,734.24	2,523,249.31	3,120,346.76	3,595,894.84
Restatement	3,163,790.90	4,228,195.93	2,759,461.69	3,156,412.38	4,036,065.62	4,440,170.78
	5,212,467.25	6,063,790.90	6,788,195.93	5,679,661.69	7,156,412.38	8,036,065.62
Decreased by:						
Utilized as anticipated revenue	<u>2,500,000.00</u>	<u>2,900,000.00</u>	<u>2,500,000.00</u>	<u>2,920,200.00</u>	<u>4,000,000.00</u>	<u>4,000,000.00</u>
FUND BALANCE, Dec. 31	<u>2,712,467.25</u>	<u>3,163,790.90</u>	<u>4,288,195.93</u>	<u>2,759,461.69</u>	<u>3,156,412.38</u>	<u>4,036,065.62</u>

Audited information extracted from annual audit filed in accordance with N.J.S.A. 40A:5-4.

**WATER AND SEWER UTILITY
COMPARATIVE BALANCE SHEET**

	Balance Dec. 31, 2011	Balance Dec. 31, 2010	Balance Dec. 31, 2009	Balance Dec. 31, 2008	Balance Dec. 31, 2007	Balance Dec. 31, 2006
ASSETS:						
Operating Fund:						
Cash - Treasurer	4,292,251.78	2,199,497.49	4,314,332.66	3,502,924.89	3,566,332.82	2,348,884.90
Cash - Investments					0.00	0.00
					3,566,332.82	2,348,884.90
Change Funds	150.00	150.00	150.00	150.00	150.00	150.00
Due from Current Fund						
Due from General Capital	105,189.28					
Interfunds receivable/Due from Water						
Cap	<u>1,700,000.00</u>	<u>2,865,128.07</u>		<u>64.29</u>	<u>0.00</u>	<u>0.00</u>
	6,157,591.06	5,064,775.56	4,314,482.66	3,503,139.18	3,566,482.82	2,349,034.90
Receivables with Full Reserves:						
Consumer Accts. Receivable	382,518.75	645,708.00	243,782.22	591,962.74	386,006.26	505,067.38
Wtr. Rent Liens Receivable			3,274.53	3,224.52	2,597.70	2,465.68
Due from Capital	325,000.00					
Due from Trust						
Deferred Charges						
	<u>382,518.75</u>	<u>645,708.04</u>	<u>247,056.75</u>	<u>595,187.26</u>	<u>388,603.96</u>	<u>507,533.06</u>
Capital Fund:						
Cash - Treasurer	1,129,960.74	348,410.97	1,664,515.86	353,894.04	396,334.11	345,570.91
anticipated revenue						
					396,334.11	345,570.91
Interfunds receivable	443,822.14	341,800.66				
Fixed capital	32,007,626.00	32,007,626.00	23,299,641.40	23,299,641.40	23,299,641.40	23,299,641.40
Fixed capital authorized and						
uncompleted	<u>3,929,019.01</u>	<u>4,369,423.88</u>	<u>13,030,000.00</u>	<u>9,300,000.00</u>	<u>9,330,000.00</u>	<u>9,330,000.00</u>
	37,391,606.41	37,067,261.51	37,994,157.26	32,983,535.44	33,025,975.51	32,975,212.31
TOTAL ASSETS	<u>43,931,716.22</u>	<u>42,777,745.11</u>	<u>42,555,696.67</u>	<u>37,081,861.88</u>	<u>36,981,062.29</u>	<u>35,831,780.27</u>
LIABILITIES, RESERVES AND FUND BALANCE:						
Operating Fund - Cash Liabilities:						
Accounts Payable	12,511.54	25,518.00		12,498.77	12,498.77	12,498.77
Various Reserves	275,010.10	174,390.10	172,020.10	217,334.16	229,594.16	227,188.38
Encumbrances	363,756.18	357,240.18	547,931.94	91,878.92	366,177.74	1,134,087.28
Appropriation Reserves	1,581,978.99	1,146,419.50	912,790.37	711,781.55	830,272.65	0.00
Accrued interest	37,772.61	17,583.33	19,161.11	25,025.00	49,689.58	88,215.28
Water rent overpayments	68,234.46	95,387.38	77,762.29	82,344.61	69,333.79	87,463.80
Reserve for Payment BAN's						
Interfunds payable		<u>36,227.20</u>			<u>172,485.67</u>	<u>0.00</u>
	2,783,086.02	1,852,765.69	1,729,665.81	1,140,863.01	1,730,052.36	1,549,453.51
Reserve for receivables	382,518.75	645,708.04	247,056.75	595,187.26	388,603.96	507,533.06
Fund balance (deficit)	<u>3,374,505.04</u>	<u>3,212,009.87</u>	<u>2,584,816.85</u>	<u>2,362,276.17</u>	<u>1,836,430.46</u>	<u>799,581.39</u>
	6,540,109.81	5,710,583.60	4,561,539.41	4,098,326.44	3,955,086.78	2,856,567.96
Capital Funds:						
Reserve for refunded assessments						
Capital Fund:						
Interfunds payable					200,000.00	
Serial bonds payable					0.00	0.00
Bond anticipation notes	3,400,000.00	2,600,000.00	3,100,000.00	1,300,000.00	2,300,000.00	3,300,000.00
Due to Operating						
Reserve for Specific Expenditure	40,404.87					
Due to General Capital	200,000.00					
Reserve for Debt Service	13,037.48	13,037.48	13,037.48	13,037.48	13,037.48	13,037.48
Imprv. Authorizations - Funded						
Due to General Capital	200,000.00					
Unfunded	679,999.14	1,869,641.42	2,875,001.17	672,633.35	629,133.09	639,064.89
Capital improvement fund	309,964.89	309,964.89	307,374.03	207,374.03	107,374.03	57,374.03
Reserve for amortization	32,077,050.54	32,077,050.54	29,884,641.40	29,005,641.40	28,005,641.40	27,005,641.40
Def. Res. for amortization	459,595.13		1,645,000.00	1,645,000.00	1,645,000.00	1,645,000.00
Res. for payment of notes						
Fund balance	<u>211,554.36</u>	<u>197,567.18</u>	<u>169,103.18</u>	<u>139,849.18</u>	<u>125,789.51</u>	<u>315,094.51</u>
	37,391,606.41	37,067,261.51	37,994,157.26	32,983,535.44	33,025,975.51	32,975,212.31
TOTAL LIABILITIES, RESERVES						
AND FUND BALANCE	<u>43,931,716.22</u>	<u>42,777,745.11</u>	<u>42,555,696.67</u>	<u>37,081,861.88</u>	<u>36,981,062.29</u>	<u>35,831,780.27</u>
Bonds and Notes Authorized but						
Not Issued						679,000.00

Audited information extracted from annual audit filed in accordance with N.J.S.A. 40A:5-4.

WATER UTILITY – COMPARATIVE STATEMENT OF OPERATIONS & CHANGES IN FUND BALANCE

	Year 2011	Year 2010	Year 2009	Year 2008	Year 2007	Year 2006
Revenue and Other Income:						
Fund balance utilized	1,255,431.00	1,075,431.00	1,377,204.00	1,157,590.00	560,182.00	999,408.00
Rents	7,107,588.83	7,358,868.79	7,141,133.12	7,129,616.93	7,654,730.05	6,334,555.31
Connection fees	230,752.52	52,059.30	100,000.00	119,105.41	278,505.00	381,982.00
Misc. revenue anticipation						
Interest on investments		9,371.16	12,980.99	50,000.00	70,901.10	58,105.65
Non budget revenue	87,309.59	49,829.09	65,249.87	61,146.72	60,558.25	141,405.92
Escrow Trustee						
Other credits to Income:						
Appropriation reserves lapsed	765,775.23	800,917.90	388,144.71	448,902.07	222,644.16	106,517.31
Overpayments cancelled						
Accounts Payable Cancelled			12,498.77			
Net Interfund returned						
Accrued interest on notes lapse				<u>0.00</u>	<u>0.00</u>	<u>15,124.72</u>
	<u>9,446,857.17</u>	<u>9,346,477.24</u>	<u>9,097,211.46</u>	<u>8,966,361.13</u>	<u>8,847,520.56</u>	<u>8,037,098.91</u>
Expenditures:						
Budget and Emergency Appropriations:						
Operations:						
Salaries and Wages	1,267,621.00	1,267,621.00	1,223,129.00	1,295,013.00	1,292,512.00	1,204,433.00
Other expenses	5,731,310.00	5,596,310.00	5,087,310.00	4,643,827.00	4,607,675.00	4,579,975.00
Capital Improvements	150,000.00	50,000.00	100,000.00	100,000.00	90,000.00	50,000.00
Municipal debt service	600,000.00	549,922.22	912,027.78	1,073,085.42	1,107,974.30	1,667,000.00
anticipated revenue						
Statutory expenditures	180,000.00	180,000.00	175,000.00	171,000.00	152,000.00	143,000.00
Reserve for Payment of BAN's						
Refund of assessments						
Paid to Trust Fund						
Accrued Interest						
Surplus to Current Fund	100,000.00					
Overpayments				<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	8,028,931.00	8,754,853.22	7,497,466.78	7,282,925.42	7,250,161.30	7,644,408.00
EXCESS (DEFICIT) IN REVENUE	1,417,926.17	1,702,624.02	1,599,744.68	1,683,435.71	1,597,359.26	392,690.91
Fund Balance, January 1	3,212,009.87	2,584,816.85	2,362,276.17	1,836,430.46	799,253.20	1,406,298.48
Deferred charges - Emergency appr.						
Deferred charge to future budget				<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
charge to future budget	4,629,936.04	4,287,440.87	3,962,020.85	3,519,866.17	2,396,612.46	1,798,989.39
Decreased by:						
Utilized above as	<u>1,255,431.00</u>	<u>1,075,431.00</u>	<u>1,377,204.00</u>	<u>1,157,590.00</u>	<u>560,182.00</u>	<u>999,408.00</u>
anticipated revenue						
FUND BALANCE (DEFICIT), Dec. 31	<u>3,374,505.04</u>	<u>3,212,009.87</u>	<u>2,584,816.85</u>	<u>2,362,276.17</u>	<u>1,836,430.46</u>	<u>799,581.39</u>

Audited information extracted from annual audit filed in accordance with N.J.S.A. 40A:5-4.

PARKING UTILITY – COMPARATIVE BALANCE SHEET

	Balance Dec. 31, 2011	Balance Dec. 31, 2010	Balance Dec. 31, 2009	Balance Dec. 31, 2008	Balance Dec. 31, 2007	Balance Dec. 31, 2006
ASSETS:						
Operating Fund:						
Cash & Investments - Treasurer	1,109,545.02	702,132.38	1,125,127.39	1,067,087.29	1,767,161.02	1,596,643.82
Deferred Charge				299.17	625,979.17	
Deficit in Operations						
Over expenditure of an Apppr..		173,317.78		470,076.27		
Cash - change fund	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
	1,109,645.02	875,550.16	1,125,227.39	1,494,562.73	2,393,240.19	1,596,743.82
Capital Fund:						
Cash & Investments - Treasurer	858,511.22	1,081,062.42	965,561.96	4,944,460.02	27,956,067.16	2,000,712.53
Due from parking operating						
Due from General Capital Fund						
Fixed capital authorized & uncompleted		25,000,000.00	25,000,000.00	25,000,000.00	33,150,000.00	33,150,000.00
Fixed capital completed	<u>49,513,717.24</u>	<u>49,483,282.74</u>	<u>49,453,717.24</u>	<u>49,453,717.24</u>	<u>16,303,717.24</u>	<u>16,233,398.45</u>
	<u>50,372,228.46</u>	<u>75,564,345.16</u>	<u>75,419,279.20</u>	<u>79,398,177.26</u>	<u>77,409,784.40</u>	<u>51,374,110.98</u>
TOTAL ASSETS	<u>51,481,873.48</u>	<u>76,439,895.32</u>	<u>76,545,506.59</u>	<u>80,892,739.99</u>	<u>79,803,024.59</u>	<u>52,970,854.80</u>
LIABILITIES, RESERVES AND FUND BALANCE						
Operating Fund:						
Appropriation Reserves	109,586.87	73,467.32	18,780.78	55,795.71	219,131.79	280,422.51
Accounts Payable	7,678.28					156,306.77
Accrued Interest	440,195.55	530,175.00	360,947.92	627,600.00	717,854.17	97,241.25
Encumbrances	31,855.06	69,118.61	76,307.76	10,195.63	23,218.60	29,919.89
Various Reserves			9,565.00			
Interfunds Payable—Current fund			25.00			
Interfunds Payable—Trust Other Funds		179.03				
Sales Tax Payment						10,598.11
Due Current Fund	4,079.40				19,980.49	
Prepaid parking permits					83.75	
	593,395.16	672,939.96	465,626.46	693,591.34		
Fund Balance	<u>516,249.86</u>	<u>202,610.20</u>	<u>659,600.93</u>	<u>800,971.39</u>	<u>1,412,971.39</u>	<u>1,022,255.29</u>
	<u>1,109,645.02</u>	<u>875,550.16</u>	<u>1,125,227.39</u>	<u>1,494,562.73</u>	<u>2,393,240.19</u>	<u>1,596,743.82</u>
Capital Fund:						
Serial bonds payable	1,350,000.00	2,055,000.00	2,785,000.00	3,525,000.00	4,290,000.00	5,085,000.00
Bond anticipation notes	29,600,000.00	30,000,000.00	31,150,000.00	35,000,000.00	31,000,000.00	2,000,000.00
Improvement Authorizations:						
Capital improvement fund	292,983.51	292,983.51	292,983.51	858,683.51	898,313.51	725,087.96
Funded						0.00
Unfunded	81,548.13	25,152,454.08	25,202,653.62	25,282,433.73	27,849,272.20	31,711,294.22
Reserve for Future Debt Service Costs	100,000.00	0.00	78,000.00	78,000.00	78,000.00	78,000.00
Reserve for amortization	18,563,717.24	17,428,282.74	15,518,717.24	14,278,717.24	13,013,717.24	11,638,398.45
Fund Balance	383,979.48	635,624.83	391,924.83	375,342.78	280,481.45	136,330.35
	<u>50,372,228.46</u>	<u>75,564,345.16</u>	<u>75,419,279.20</u>	<u>79,398,177.26</u>	<u>77,409,784.40</u>	<u>51,374,110.98</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>51,481,873.48</u>	<u>76,439,895.32</u>	<u>76,544,506.59</u>	<u>80,892,739.99</u>	<u>79,803,024.59</u>	<u>52,970,854.80</u>

Audited information extracted from annual audit filed in accordance with N.J.S.A. 40A:5-4.

**PARKING UTILITY – COMPARATIVE STATEMENT OF
OPERATIONS & CHANGES IN FUND BALANCE**

	Year 2011	Year 2010	Year 2009	Year 2008	Year 2007	Year 2006
Revenue and Other Income:						
Fund balance utilized		659,000.00	373,595.00	612,000.00	713,485.00	683,560.00
Parking fees	1,781,600.40	1,616,141.17	1,483,070.43	1,439,233.08	1,298,409.44	1,275,022.56
Rental park and ride	720,115.00	720,000.00				0.00
Rental income - other			650,000.00	552,000.00	551,000.00	540,000.00
Escrow Trustee						
Non budget revenue	220.00	13,586.84	4,540.00	10,190.00	172.00	120.05
Rental Income- other						
Bus service rental income						
Interest on Investments	2,951.78	3,172.74	111,872.48	431,560.31	718,286.52	125,330.14
Other credits to Income:						
Appropriation reserves lapsed	42,340.81	21,654.32	18,546.28	164,810.54	64,657.62	92,885.62
Cancellation on outstanding checks					156,306.77	
Parking Utility Grant (County)		80,000.00	80,000.00			
Accrued interest on notes lapsed						
Collection of reserve interfunds						
Capital Fund Surplus	600,000.00	339,500.00	885,610.00	280,000.00		
	<u>3,147,227.99</u>	<u>3,373,055.37</u>	<u>3,607,234.19</u>	<u>3,489,793.93</u>	<u>3,502,317.35</u>	<u>2,716,918.37</u>
Expenditures:						
Budget & Emergency Appropriations						
Operations:						
Salaries and Wages	300,700.00	309,700.00	308,528.00	307,000.00	287,000.00	282,276.00
Other Expenses	379,950.00	379,950.00	419,400.00	227,200.00	297,200.00	275,450.00
Capital Improvements		60,000.00			200,000.00	200,000.00
Municipal Debt Service	1,946,620.55	2,561,713.88	2,186,706.21	2,669,620.83	2,208,845.42	1,556,833.75
Accrued interest adjustment						8,577.25
Deferred Charges	173,317.78					
Refund of Prior Year Expenditures				6,319.37		
Statutory Expenditures	<u>33,000.00</u>	<u>33,000.00</u>	<u>460,374.44</u>	<u>656,730.00</u>	<u>31,050.00</u>	<u>29,000.00</u>
	<u>2,833,588.33</u>	<u>3,344,363.88</u>	<u>3,375,009.65</u>	<u>3,916,870.20</u>	<u>3,024,095.42</u>	<u>2,352,137.00</u>
EXCESS IN REVENUE	313,639.66	28,691.49	232,224.54	(427,076.27)	478,221.93	364,781.37
Fund Balance, January 1	<u>202,610.20</u>	<u>659,600.93</u>	<u>800,971.39</u>	<u>1,412,971.39</u>	<u>1,022,255.29</u>	<u>1,341,033.92</u>
				1,412,971.39	2,126,456.39	1,705,815.29
Decreased by:						
Utilized as anticipated revenue		<u>659,000.00</u>	<u>373,595.00</u>	<u>612,000.00</u>	<u>713,485.00</u>	<u>683,560.00</u>
FUND BALANCE, December 31	<u>516,249.86</u>	<u>202,610.20</u>	<u>659,600.93</u>	<u>800,971.39</u>	<u>1,412,971.39</u>	<u>1,022,255.29</u>

Audited information extracted from annual audit filed in accordance with N.J.S.A. 40A:5-4.

POOL UTILITY- COMPARATIVE BALANCE SHEET

	Balance Dec. 31, 2011	Balance Dec. 31, 2010	Balance Dec. 31, 2009	Balance Dec. 31, 2008	Balance Dec. 31, 2007	Balance Dec. 31, 2006
ASSETS:						
Operating Fund:						
Cash - Treasurer	256,506.11	229,099.87	172,041.26	254,365.85	340,286.14	281,061.14
Deferred Charges - Deficit in Operations						
Interfunds Receivable		4,858.87				
Due from Current Fund				16,081.00		
Investments	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	256,506.11	233,948.74	172,041.26	270,446.85	340,286.14	281,061.14
Capital Fund:						
Cash	14,500.93	49,776.98	59,776.98	78,156.28	80,437.64	79,075.89
Fixed Capital - Completed	2,927,584.92	2,865,325.81	2,819,675.19	2,747,332.16	2,717,476.16	2,667,662.71
Fixed Capital - Authorized and uncompleted						
Due from Pool Capital						
Operating Fund	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL ASSETS:	<u>2,942,085.75</u>	<u>2,915,102.79</u>	<u>2,879,452.17</u>	<u>2,825,488.44</u>	<u>2,797,913.80</u>	<u>2,746,738.60</u>
LIABILITIES, RESERVES AND FUND BALANCE						
Operating Fund:						
Encumbrances	9,233.71	13,257.04	12,037.44	34,569.19	32,030.76	33,598.26
Appropriation Reserves	35,915.47	32,820.94	37,454.23	16,459.68	14,193.75	
Interfunds Payable- Current Fund		1,696.42	250.00		19,608.03	
Due to Current Fund	340.00					
Accounts payable						11,258.43
Accrued Int. on Notes	334.34	3,444.52	7,206.11	15,891.47	27,808.33	34,671.74
Reserve for Note Principal	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>29,550.00</u>	29,550.00	29,550.00
	45,823.52	51,218.92	56,947.78	96,470.34		
Reserve for equipment, sponsors, adv. Reg.						
Due from Pool Utility Capital Fund						
Fund balance	<u>210,682.59</u>	<u>182,729.82</u>	<u>115,093.48</u>	<u>173,976.51</u>	<u>217,095.27</u>	<u>183,241.14</u>
	256,506.11	233,948.74	172,041.26	270,446.85	340,286.14	281,061.14
Capital Fund:						
Bond anticipation notes				225,000.00	325,000.00	350,000.00
Serial Bonds	45,450.00	175,450.00	325,450.00	280,000.00	380,000.00	480,000.00
Improve Auth - Unfunded						
Reserve for amortization	2,882,134.82	2,689,875.81	2,497,199.18	2,245,306.15	2,015,450.15	1,840,636.70
Pool Equipment Financing Reserve for Pool Equip						
Exp - slides						
Fund balance	<u>14,500.93</u>	<u>49,776.98</u>	<u>56,802.99</u>	<u>75,182.29</u>	<u>77,463.65</u>	<u>76,101.90</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>2,942,085.75</u>	<u>2,915,102.79</u>	<u>2,879,452.17</u>	<u>2,825,488.44</u>	<u>2,797,913.80</u>	<u>2,764,738.60</u>
	<u>3,198,591.81</u>	<u>3,149,051.53</u>	<u>3,051,493.43</u>	<u>3,095,935.29</u>	<u>3,188,199.94</u>	<u>3,027,797.74</u>

Audited information extracted from annual audit filed in accordance with N.J.S.A. 40A:5-4.

**POOL UTILITY – COMPARATIVE STATEMENT OF
OPERATIONS & CHANGES IN FUND BALANCE**

	Year 2011*	Year 2010	Year 2009	Year 2008	Year 2007	Year 2006
Revenue and Other Income:						
Fund balance utilized	103,763.00	83,763.00	93,365.00	136,093.00	64,653.00	22,199.00
Pool Fees	698,503.59	743,134.50	626,790.20	692,627.00	683,532.50	673,637.00
Food stand revenue	11,500.00	11,500.00	10,500.00	9,500.00	9,500.00	9,500.00
Locker Rental	894.00					
Capital Surplus	10,000.00	10,000.00				
Accrued Interest on Inv/Bonds	1,274.30	605.00	691.52	6,000.00	16,232.40	11,112.29
Non Budget Revenue	4,928.30	3,063.07	2,502.50.00	3,610.00	2,709.00	3,375.00
Sandpiper Grant						
Other Credits to Income:						
Accounts payable canceled						
Accrued Interest Canceled						
Appropriation reserves lapsed	<u>31,084.62</u>	<u>32,906.06</u>	<u>10,312.39</u>	<u>23,283.00</u>	<u>25,544.82</u>	<u>18,615.41</u>
TOTAL RECEIVED	<u>861,053.77</u>	<u>884,366.63</u>	<u>744,161.61</u>	<u>871,114.28</u>	<u>802,171.72</u>	<u>738,438.70</u>
Expenditures:						
Budget and Emergency Appropriations:						
Operations:						
Salaries and Wages	296,488.00	301,448.00	295,515.00	287,118.00	264,638.00	250,424.00
Other Expenses	212,115.00	204,350.00	176,675.00	211,775.00	210,775.00	194,425.00
Capital Outlay	65,000.00	45,000.00	50,000.00	35,000.00	50,000.00	35,000.00
Municipal Debt Service	130,000.00	153,629.29	158,989.64	216,247.04	153,411.59	153,618.75
Sponsorships						
Additional accrued interest						8,230.41
Utilized in General Capital Fund						
Other						
Deficit in operations prior year						
Statutory expenditures	<u>25,735.00</u>	<u>28,500.00</u>	<u>28,500.00</u>	<u>28,000.00</u>	<u>24,840.00</u>	<u>23,700.00</u>
	729,338.00	732,967.29	708,679.64	778,140.04	703,664.59	665,398.16
DEFICIT IN REVENUE						
EXCESS IN REVENUE	131,715.77	151,399.34	34,481.97	92,974.24	98,507.13	73,040.54
FUND BALANCE, January 1	<u>182,729.82</u>	<u>115,093.48</u>	<u>173,976.51</u>	<u>217,095.00</u>	<u>183,241.14</u>	<u>121,182.50</u>
	314,415.59	266,492.82	208,458.48	310,069.51	281,748.27	194,223.04
Decreased by:						
Utilized as anticipated revenue	103,763.00	83,763.00	93,365.00	136,093.00	64,653.00	22,199.00
Resolution 14844	25,276.05					
FUND BALANCE, Dec. 31	<u>210,682.59</u>	<u>182,729.82</u>	<u>115,093.48</u>	<u>173,976.51</u>	<u>217,095.27</u>	<u>172,024.04</u>

Audited information extracted from annual audit filed in accordance with N.J.S.A. 40A:5-4

POLICE TRAINING UTILITY – COMPARATIVE BALANCE SHEET

	Balance Dec. 31, 2011	Balance Dec. 31, 2010	Balance Dec. 31, 2009	Balance Dec. 31, 2008	Balance Dec. 31, 2007	Balance Dec. 31, 2006
ASSETS:						
Operating Fund:						
Cash - Treasurer	261,664.82	307,146.28	267,084.89	240,490.74	205,989.87	136,368.85
Cash - Investments						
Due from Current fund	2,430.22					
TOTAL ASSETS	<u>264,095.04</u>	<u>307,146.28</u>	<u>267,084.89</u>	<u>240,490.74</u>	<u>205,989.87</u>	<u>136,368.85</u>
Liabilities, Reserves and Fund Balance:						
Reserve for Encumbrances	10,820.22	79,861.38	15,707.32	14,585.75	63,822.30	40,130.74
Appropriation Reserves	110,620.91	44,335.90	82,607.09	73,858.47		
Fund Balance	142,403.91	182,949.00	168,770.48	153,043.04	142,167.57	96,238.11
Accounts Payable	250.00					
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>264,095.04</u>	<u>307,146.28</u>	<u>267,084.89</u>	<u>240,490.74</u>	<u>205,989.87</u>	<u>136,368.85</u>

Audited information extracted from annual audit filed in accordance with N.J.S.A. 40A:5-4.

**POLICE TRAINING UTILITY – COMPARATIVE
STATEMENT OF OPERATIONS & CHANGES IN FUND
BALANCE**

	Year 2011	Year 2010	Year 2009	Year 2008	Year 2007	Year 2006
Revenue and Other Income:						
Fund Balance	88,000.00	88,000.00	100,000.00	43,000.00	14,000.00	
Shooting Qualifications	103,922.89	99,110.00	107,666.00	127,394.00	138,155.00	128,435.00
Prism Training				845.00		
Interest on Investments					6,583.92	
Non budgeted revenue	2,135.89	29,776.90	10,796.08	3,824.00	8,889.00	12,490.37
Other Credits to Income:						
Cancelation of prior year encumbrances	<u>44,396.13</u>	<u>76,291.62</u>	<u>67,264.98</u>	<u>48,812.85</u>	<u>33,301.54</u>	<u>18,855.72</u>
	238,454.91	293,178.52	285,727.06	223,875.85	200,929.46	159,781.09
Expenditures:						
Salaries and wages	40,000.00	40,000.00	39,992.00	40,000.00	30,886.00	31,168.00
Other Expenses	<u>151,000.00</u>	<u>151,000.00</u>	<u>130,008.00</u>	<u>130,000.00</u>	<u>110,114.00</u>	<u>88,832.00</u>
	191,000.00	191,000.00	170,000.00	170,000.00		
Excess in Revenue	47,545.91	102,178.52	115,727.06	53,875.85	59,929.46	39,781.09
Fund Balance, January 1	182,949.00	168,770.48	153,043.42	142,167.57	96,238.11	56,457.02
Fund Balance, December 31	<u>142,403.91</u>	<u>182,949.00</u>	<u>168,770.48</u>	<u>153,043.42</u>	<u>156,167.57</u>	<u>96,238.11</u>

Audited information extracted from annual audit filed in accordance with N.J.S.A. 40A:5-4.

SEWER UTILITY COMPARATIVE BALANCE SHEET

	Balance Dec. 31, 2011	Balance Dec. 31, 2010
ASSETS:		
Operating Fund:		
Cash and Investments	5,140,254.15	5,500,403.92
Due from Sewer Utility Capital Fund	<u>761,044.94</u>	<u>753,300.77</u>
	5,901,299.09	6,253,704.69
Receivables with Full Reserves:		
Consumer Accts. Receivable	295,367.22	431,619.54
Deferred Charge:		
Over expenditure of an Appropriation	246.57	
Deficit in Operations	<u>6,781.51</u>	<u>468,897.51</u>
Total Operating Fund	6,203,694.39	7,154,221.74
Capital Fund		
Cash and Investments	553,391.96	875,420.12
Fixed Capital	25,778,804.00	25,778,804.00
Fixed Capital – Authorized and Uncompleted	5,113,773.00	5,113,773.00
Due From General Capital	<u>100,800.10</u>	<u>100,800.10</u>
Total Capital Fund	<u>32,446,769.06</u>	<u>32,776,397.12</u>
Total Assets	38,650,463.45	39,930,618.86
LIABILITIES, RESERVES & FUND BALANCES:		
Operating Fund:		
Appropriation Reserves	196,799.49	46,252.28
Encumbrances Payable	40,393.84	66,822.72
Accounts Payable	28,412.84	28,412.84
Accrued Interest on Bonds	10,221.92	10,361.10
Various Reserves	460,268.84	515,633.26
Due To:		
Water Utility	1,700,000.00	2,865,128.07
Trust – Other Fund	813.78	14,714.47
Payroll Trust Fund		46,460.53
Current Fund	25,707.88	
Rent Overpayment	<u>0.00</u>	<u>24,871.93</u>
	<u>2,462,616.59</u>	<u>3,618,657.20</u>
Reserve for Receivables	295,367.22	431,619.54
Fund Balance	<u>3,445,710.58</u>	<u>3,103,945.00</u>
Total Operating Fund	6,203,694.39	7,154,221.74
Capital Fund:		
Bond Anticipation Notes Payable	1,000,000.00	1,000,000.00
Serial Bonds	3,650,000.00	3,870,000.00
Reserve for Amortization	22,128,804.00	21,908,804.00
Reserve To Pay Note Principal	200,000.00	
Improvement Authorizations:		
Funded	34,056.57	552,119.35
Unfunded	4,338,663.45	4,358,773.00
Due To:		
Sewer Utility Operating Fund	761,044.94	753,300.77
Water Utility Capital Fund	325,000.00	325,000.00
Fund Balance	<u>9,200.10</u>	<u>8,400.00</u>
Total Capital fund	32,446,769.06	32,776,397.12
Total Liabilities, Reserves and Fund Balance	38,650,463.45	29,930,618.86

**SEWER UTILITY
COMPARATIVE STATEMENT OF OPERATIONS
& CHANGES IN FUND BALANCE**

	Balance Dec. 31, 2011	Balance Dec. 31, 2010
Revenue and Other Income Realized:		
Surplus Anticipated	1,117,915.00	
Rents	5,855,038.81	2,365,978.02
Connection Fees	27,168.00	
Interest on Investment	7,208.94	
Miscellaneous Revenue Not Anticipated	29,290.59	68,256.33
Unexpended Balance of Appropriation Reserve	<u>54,795.01</u>	<u>0.00</u>
Total Revenue	7,091,416.35	2,434,234.35
Expenditures:		
Operating	4,494,915.00	2,290,542.00
Debt Service	598,173.34	562,589.86
Deferred Charges and Statutory Expenditures	<u>538,894.00</u>	<u>50,000.00</u>
Total Expenditures	5,631,982.34	2,903,131.86
Excess (Deficit) in Revenue	1,459,434.01	(468,897.51)
Deficit in Operations/Over expenditure to be Raised in Budget of Succeeding Year	<u>246.57</u>	<u>468,897.51</u>
Statutory Balance	1,459,680.58	
Fund Balance January 1	<u>3,103,945.00</u>	<u>3,103,945.00</u>
	4,563,625.58	3,103,945.00
Decreased By:		
Utilized as Anticipated Revenue	<u>1,117,915.00</u>	<u>0.00</u>
Fund Balance	3,445,710.58	3,103,945.00

APPENDIX B

AUDITED FINANCIAL STATEMENTS

Are available at

http://www.eastbrunswick.org/filestorage/1137/1159/2011_Audit.pdf

Appendix C-1

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

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

Re: Township of East Brunswick, in the County of Middlesex, New Jersey
\$42,632,000 General Obligation Bonds, Series 2013

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of East Brunswick, in the County of Middlesex, New Jersey (the "Township"), of its General Obligation Bonds, Series 2013, in the aggregate principal amount of \$42,632,000 (the "Bonds"), consisting of \$28,600,000 principal amount of its Parking Utility Bonds and \$14,032,000 principal amount of its General Improvement 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 _____, 2013 and mature on March 15 in the years and in the principal amounts and bear interest at the rates, payable on September 15, 2013 and semiannually thereafter on the fifteenth days of March and September in each year until maturity or earlier redemption, as follows:

Year	Parking Utility	General Improvement	Total	Interest Rate
2014	\$1,000,000	\$850,000	\$1,850,000	
2015	\$1,000,000	\$850,000	\$1,850,000	
2016	\$1,120,000	\$875,000	\$1,995,000	
2017	\$1,120,000	\$895,000	\$2,015,000	
2018	\$1,200,000	\$905,000	\$2,105,000	
2019	\$1,200,000	\$950,000	\$2,150,000	
2020	\$1,400,000	\$950,000	\$2,350,000	
2021	\$1,400,000	\$825,000	\$2,225,000	
2022	\$1,500,000	\$525,000	\$2,025,000	
2023	\$1,500,000	\$535,000	\$2,035,000	
2024	\$1,600,000	\$550,000	\$2,150,000	
2025	\$1,600,000	\$565,000	\$2,165,000	
2026	\$1,620,000	\$575,000	\$2,195,000	
2027	\$1,620,000	\$590,000	\$2,210,000	
2028	\$1,620,000	\$590,000	\$2,210,000	
2029	\$1,620,000	\$600,000	\$2,220,000	
2030	\$1,620,000	\$610,000	\$2,230,000	
2031	\$1,620,000	\$615,000	\$2,235,000	
2032	\$1,620,000	\$629,000	\$2,249,000	
2033	\$1,620,000	\$548,000	\$2,168,000	
Total	\$28,600,000	\$14,032,000	\$42,632,000	

The Bonds will be initially issued in book-entry form only in the form of one certificate for the 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 of the Bonds may be made in the principal amount of \$5,000 or 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"), Bond Ordinance Nos. 2004-01, 2005-02, 2006-10, 2007-24 and 2008-03 of the Township (collectively, the "Ordinances"), and a resolution adopted by the

Township Council on January 28, 2013 (the "Resolution"). The Bonds are issued for the purpose of providing funds for the refinancing of the capital improvements described in the Ordinances.

The Bonds are subject to redemption prior to maturity as described in the Resolution.

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 Ordinances and the Resolution have been duly authorized and adopted by the Township; and the Bonds, the Ordinances and the Resolution 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 alternative minimum tax; however, interest on the Bonds held by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Bonds in "adjusted current earnings".

3. 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.

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

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

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

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

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

DECOTIIS, FITZPATRICK & COLE, LLP

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

_____, 2013

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

Re: The Township of East Brunswick, County of Middlesex, New Jersey
\$8,152,000 Bond Anticipation Notes

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Township of East Brunswick, in the County of Middlesex, New Jersey (the "Township" or the "Issuer"), of its \$8,152,000 Bond Anticipation Notes (the "Notes"). The Notes are general obligations of the Issuer and the full faith, credit and taxing power of the Issuer are available to pay the principal of and the interest on the Notes. The Notes are issued in registered form and are dated March 21, 2013, mature on March 21, 2014, bear interest at a rate of ____% per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Act"), and bond ordinances of the Issuer numbered 2005-07, 2006-08, 2006-09 and 2009-05 (collectively, the "Ordinances"). The Notes are issued for the purpose of refinancing previously authorized projects as described in the Ordinances (collectively, the "Project"). The Project was authorized by the Ordinances.

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

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

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

2. The Issuer 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 Notes under the Code. Failure to comply with certain requirements of the Code could cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In our opinion, assuming continuing compliance by the Issuer with its covenants, under current law, interest on the Notes 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 alternative minimum tax; however, interest on the Notes held

by corporate taxpayers is included in the relevant income computation for calculation of the federal alternative minimum tax as a result of the inclusion of interest on the Notes in “adjusted current earnings”.

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

4. The power and obligation of the Issuer to pay the Notes is unlimited, and, unless paid from other sources, the Issuer shall be obligated to levy ad valorem taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Notes, 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, we express no opinion regarding other federal and state tax consequences arising with respect to the Notes.

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 Notes.

DECOTIIS, FITZPATRICK & COLE, LLP

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR BONDS

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Township of East Brunswick, in the County of Middlesex, New Jersey (the “Issuer”) in connection with the issuance by the Issuer of \$42,632,000 principal amount of its General Obligation Bonds, Series 2013, consisting of \$28,600,000 principal amount of Parking Utility Bonds and \$14,032,000 principal amount of General Improvement Bonds (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.

“EMMA” means the MSRB’s Electronic Municipal Markets Access System.

“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, 2012, 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) Financial information and operating data consisting of (i) the Issuer and overlapping indebtedness including a schedule of outstanding debt issued by the Issuer, (ii) the Issuer's most current adopted budget, (iii) property valuation information, and (iv) tax rate, levy and collection data.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer will provide, in a timely manner not in excess of ten (10) business days after the occurrence of any of the following events, to the MSRB through EMMA, notice of any of the following events with respect to the Bonds (each, a "Listed Event"):

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of holders of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.

10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(b) Upon the occurrence of a Listed Event, the Issuer shall promptly file, in a timely manner not in excess of ten (10) business days after the occurrence of the Listed Event, 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 through EMMA. 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(b).

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(b), 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: _____, 2013

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

By: _____
Chief Financial Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

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

Name of Bond Issue: \$42,632,000 General Obligation Bonds, Series 2013

Dated Date: _____, 2013

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 _____, 2013. The Issuer anticipates that the Annual Report will be filed by _____, _____.

Dated: _____

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

By: _____
Name:
Title:

FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR NOTES

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Township of East Brunswick, in the County of Middlesex, New Jersey (the “Issuer”) in connection with the issuance by the Issuer of \$8,152,000 principal amount of its Bond Anticipation Notes (the “Notes”). 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 Noteholders and Beneficial Owners of the Notes 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:

“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 Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

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

“EMMA” means the MSRB’s Electronic Municipal Markets Access System.

“Listed Events” shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Noteholder” shall mean any person who is the registered owner of any Note, including holders of beneficial interests in the Notes.

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

“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.

SECTION 3. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 3, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes:

1. principal and interest payment delinquencies.
2. non-payment related defaults, if material.
3. unscheduled draws on the debt service reserves reflecting financial difficulties.
4. unscheduled draws on the credit enhancements reflecting financial difficulties.
5. substitution of the credit or liquidity providers or their failure to perform.
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes or other material events affecting the tax status of the Notes.
7. modifications to rights of Noteholders.
8. bond calls, if material, and tender offers.
9. defeasances.
10. release, substitution or sale of property securing repayment of the Notes, if material.
11. rating changes.
12. bankruptcy, insolvency, receivership or similar event of the Issuer.
13. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. appointment of a successor or additional trustee, or the change of name of a trustee, if material.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall file or cause to be filed a notice of such occurrence with the MSRB through EMMA in a timely manner not in excess of ten (10) business days after the occurrence of such event.

SECTION 4. 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 Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(b)

SECTION 5. 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 6. 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, 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 Notes, 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 Notes, 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 Noteholders or Beneficial Owners of the Notes.

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, notice of such change shall be given in the same manner as for a Listed Event under Section 3(b).

SECTION 7. 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 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 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 Certificate to update such information or include it in any future or notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Noteholder or Beneficial Owner of the Notes 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 Notes, 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 9. 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 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 shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Noteholders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Dated: _____, 2013

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

By: _____
L. Mason Neely, Chief Financial Officer