

In the opinion of Bond Counsel to the Township, assuming continuing compliance by the Township with certain tax covenants described herein, under existing law, interest on the Refunding Bonds is excluded from the gross income of the owners of the Refunding Bonds for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Refunding Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Under existing law, interest on the Refunding Bonds and net gains from the sale of the Refunding Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act. In the case of certain corporate holders of the Refunding Bonds, interest on the Refunding Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Refunding Bonds in "adjusted current earnings" of certain corporation. See "TAX MATTERS" herein.

\$3,750,000
TOWNSHIP OF OLD BRIDGE
County of Middlesex, New Jersey
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012
(Non-Callable)

DATED: Date of Delivery

DUE: July 1, as shown below

The \$3,750,000 General Obligation Refunding Bonds, Series 2012 (the "Refunding Bonds") of the Township of Old Bridge, County of Middlesex, New Jersey, shall be issued as registered Refunding Bonds in the form of one certificate for the principal amount of each maturity of the Refunding Bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC") which will act as securities depository for the Refunding Bonds. The principal of the Refunding Bonds shall be paid on the maturity dates upon presentation and surrender of the Refunding Bonds at the offices of the Township or its designated paying agent, as paying agent ("Paying Agent"). Interest on the Refunding Bonds is payable initially on January 1, 2013 and semi-annually thereafter on January 1 and July 1 in each year until maturity. Investors may purchase beneficial interests in the Refunding Bonds in book-entry form in the denomination of \$5,000 each or any integral multiple thereof.

So long as Cede & Co. is the registered owner of the Refunding Bonds, payments of the principal of and interest on the Refunding Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants (as herein defined) which will, in turn, remit such payments to the Beneficial Owners (as herein defined) of the Refunding Bonds. Purchasers will not receive certificates representing their ownership interest in the Refunding Bonds purchased. For so long as any purchaser is a Beneficial Owner of a Refunding Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC participant to receive payment of the principal of and interest on such Refunding Bond.

The Refunding Bonds are authorized to be issued pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) a refunding bond ordinance duly and finally adopted on April 23, 2012 and published in accordance with the Local Bond Law; and (iii) a resolution of the Township Council duly adopted on May 21, 2012 authorizing the issuance and sale of the Refunding Bonds.

The Refunding Bonds are not subject to redemption prior to their stated maturities. See "REDEMPTION" herein.

The full faith and credit of the Township are irrevocably pledged for the payment of the principal of and interest on the Refunding Bonds. The Refunding Bonds are general obligations of the Township, payable as to principal and interest from ad valorem taxes to be levied upon all taxable property in the Township without limitation as to rate or amount.

MATURITIES, INTEREST RATES AND YIELDS

\$3,750,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2013	\$ 920,000	1.50%	0.70%	2016	\$ 265,000	3.50%	1.06%
2014	1,265,000	4.00	0.80	2017	140,000	3.00	1.22
2015	195,000	3.00	0.93	2017	250,000	3.50	1.22
2015	200,000	3.50	0.93	2018	190,000	3.00	1.39
2016	125,000	3.00	1.06	2018	200,000	3.50	1.39

This cover contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices attached hereto, to obtain information essential to their making an informed investment decision.

The Refunding Bonds are offered when, as and if received by the Underwriter and subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality by the law firm of Gibbons P.C., Newark, New Jersey, Bond Counsel to the Township, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by its Attorney, Mark Roselli, Esq., Old Bridge, New Jersey. It is anticipated that the Refunding Bonds in definitive form will be available for delivery through DTC in New York, New York on or about October 16, 2012.



**TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX,
NEW JERSEY**

MAYOR AND TOWNSHIP COUNCIL

Owen Henry, Mayor
Brian J. Cahill, Council President
Lucille Panos, Council Vice President
Robert Volkert
Mary Sohor
Reginald Butler
G. Kevin Calogera
Richard Greene
Dr. James Anderson
Debbie Walker

Chief Financial Officer
Himanshu Shah

Township Clerk
Stella Ward

Township Administrator
Christopher R. Marion

Tax Collector
Dawn Kronowski

Township Attorney
Mark Roselli, Esq.

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

Bond Counsel
Gibbons P.C.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Refunding Bonds in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale in such jurisdiction. No dealer, broker, salesperson or other person has been authorized by the Township to give any information or to make any representations other than those contained herein in connection with the offering of the Refunding Bonds, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Township or the Purchaser. Certain of the information set forth 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 Purchaser 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 made hereunder, shall under any circumstances create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, 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.

Upon issuance, the Refunding Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the Township, will have passed upon the accuracy or adequacy of this Official Statement.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE REFUNDING BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the Federal Securities laws as they apply to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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OFFICIAL STATEMENT
Relating to
\$3,750,000
TOWNSHIP OF OLD BRIDGE
County of Middlesex, New Jersey
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Old Bridge, in the County of Middlesex, New Jersey (the "Township") and provides certain information regarding the financial and economic condition of the Township in connection with the issuance and sale of the Township's \$3,750,000 principal amount of its General Obligation Refunding Bonds, Series 2012, (the "Refunding Bonds") pursuant to the bond ordinance and resolution of the Township described herein. This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer of the Township.

THE REFUNDING BONDS

GENERAL DESCRIPTION

The Refunding Bonds shall be dated their date of delivery and will mature on the dates and in the principal amounts set forth on the cover page hereof. The interest on the Refunding Bonds will be payable semi-annually beginning January 1, 2013 and on each January 1 and July 1 (each an "Interest Payment Date"), in each year until maturity at the interest rates set forth on the cover page hereof. As long as The Depository Trust Company, New York, New York ("DTC") or its nominee, Cede & Co., is the registered owner of the Refunding Bonds, payments of the principal of and interest on the Refunding Bonds will be made by the Township directly to DTC or Cede & Co. which will credit payments of principal of and interest on the Refunding Bonds to the participants of DTC as listed on the records of DTC as of each next preceding June 15 and December 15, respectively (the "Record Dates" for the payment of interest on the Refunding Bonds), which participants will in turn credit such payments to the beneficial owners of the Refunding Bonds.

The Refunding Bonds are issuable as fully-registered book-entry-only bonds in the form of one certificate for each maturity of the Refunding Bonds and in the principal amount of such maturity. The Refunding Bonds will be issued in book-entry-only form and in the principal amount of \$5,000 or any integral multiple thereof. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Refunding Bonds, payment of the principal of and interest on the Refunding Bonds will be made by the Township directly to DTC or Cede & Co. (or any successor or assign), as nominee for DTC. Disbursement of such payments to the participants of DTC is the responsibility of DTC. See "BOOK-ENTRY-ONLY SYSTEM".

SECURITY AND SOURCE OF PAYMENT

The Refunding Bonds will be general obligations of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and interest on the Refunding Bonds. The Township is required by law to levy ad valorem taxes upon all the taxable property within the Township for the payment of the principal of and interest on the Refunding Bonds, without limitation as to rate or amount. See "PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT" herein. The Refunding Bonds will be originally issued in the name of Cede & Co., as registered owner and nominee for DTC. See "BOOK-ENTRY-ONLY SYSTEM" herein.

AUTHORIZATION AND PURPOSE OF THE ISSUE

The Township is authorized to issue the Refunding Bonds pursuant to: (i) the Local Bond Law, constituting Chapter 169 of the Laws of 1960 of the State of New Jersey, as amended and supplemented ("Local Bond Law"); (ii) a refunding bond ordinance duly and finally adopted by the Township Council ("Council") on April 23, 2012 and published in accordance with the requirements of the Local Bond Law; and (iii) a resolution adopted by the Council on May 21, 2012. The proceeds of the Refunding Bonds will be used to: (i) currently refund \$1,800,000 aggregate principal amount of the Township's General Obligation Bonds, Series 2002, originally issued in the aggregate principal amount of \$9,500,000, and maturing on February 1 in each of the years 2013 through 2014, inclusive (the "2002 Refunded Bonds"); (ii) advance refund \$2,000,000 aggregate principal amount of the Township's General Obligation Bonds, Series 2003A, originally issued in the aggregate principal amount of \$5,000,000, and maturing on July 1 in each of the years 2014 through 2018, inclusive (the "2003A Refunded Bonds" and together with the 2002 Refunded Bonds the "Refunded Bonds"); and (iii) to pay certain costs incurred in connection with the issuance of the Refunding Bonds. The 2002 Refunded Bonds will be called for redemption on November 20, 2012 (the "2002 Redemption Date") at the redemption price of 100% of the principal amount of such 2002 Refunded Bonds. The 2003A Refunded Bonds are subject to redemption on or after July 1, 2013 (the "2003A Redemption Date") at the redemption price of 100% of the principal amount of such 2003A Refunded Bonds.

Pursuant to an Escrow Agreement (the "Escrow Agreement"), dated the date of issuance of the Refunding Bonds, between the Township and Amboy Bank, Old Bridge, New Jersey, as escrow agent (the "Escrow Agent"), the Township will irrevocably deposit direct noncallable obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America ("Government Obligations") with the Escrow Agent, which Government Obligations will bear interest at such rates and will mature at such times and in such amounts so that, when paid in accordance with their terms, sufficient moneys will be available to make full and timely payment of the redemption price of and interest on the Refunded Bonds.

The financing plan of the Township regarding the Refunding Bonds was reviewed in accordance with the provisions of the Local Bond Law, specifically N.J.S.A. 40A:2-52 et seq., and by the Local Finance Board, Division of Local Government Services, New Jersey Department of Community Affairs ("Local Finance Board"). On April 11, 2012, the Local Finance Board adopted a resolution that contained approval for the adoption of the Refunding Bond Ordinance, the issuance of the Refunding Bonds and the financing described herein.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds with respect to the Refunding Bonds:

Sources of Funds:	
Par Amount of Refunding Bonds	\$ 3,750,000.00
Original Issue Premium	<u>207,597.70</u>
Total Sources of Funds	<u>\$ 3,957,597.70</u>
Uses of Funds:	
Deposit to Escrow Fund	\$ 3,893,123.04
Costs of Issuance ⁽¹⁾	<u>64,474.66</u>
Total Uses of Funds	<u>\$ 3,957,597.70</u>

⁽¹⁾ Includes underwriter's discount, legal fees, accounting fees, escrow agent fees, printing costs, rating agency's fees, verification agent, rounding amount and miscellaneous expenses incurred in connection with the issuance of the Refunding Bonds.

REDEMPTION

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

BOOK-ENTRY-ONLY SYSTEM

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges

between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly. ("Indirect Participants"). DTC has a Standard & Poor's rating of 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.

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

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

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

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

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

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

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

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

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

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

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

DISCONTINUATION OF BOOK-ENTRY-ONLY SYSTEM

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

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

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

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

LOCAL BUDGET LAW (N.J.S.A. 40A:4-1 ET SEQ.)

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

The Local Budget Law limits anticipated tax revenues to the same proportion as actual cash collections bore to the total levy 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 Local School District, Fire Districts and Middlesex County receive 100 percent of their tax levies, which are collected and paid to them by the Township. Anticipated nontax revenues of the Township are limited to the amount actually realized the previous year unless the Director of the Division authorizes a higher figure. Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

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

CAPITAL BUDGET

In accordance with the Local Budget Law, the Township must adopt and revise annually a six-year capital 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 that 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 and financing or from the annual operating budget.

OPERATION OF UTILITIES

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

LIMITATIONS ON MUNICIPAL APPROPRIATION AND TAX LEVY

Chapter 68 of the Pamphlet Laws of 1976 (N.J.S.A. 40A:4-45.1 et seq.), as amended and supplemented by P.L. 1983, c. 49, P.L. 1990, c.89, and by P.L. 2004, c.74 (the "CAP Law"), imposes restrictions which limit the allowable increase in municipal appropriations over the previous year's appropriations to the lesser of 102.5% or the increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services as published by the United States Department of Commerce (the "Cost-of-Living Adjustment"). If the Cost-of-Living Adjustment is less than or equal to 2.5% an increase equal to 3.5% will be permitted by adoption of an ordinance. If the Cost-of Living Adjustment is greater than 2.5%, an increase in any amount above 2.5% will be permitted upon passage of a referendum. This limitation is subject to the following exceptions among others: (i) all debt service payments (the obligation of the Borrower to repay its Borrower Loan comes within this exception); (ii) the amount of revenue generated by the increase in valuations within the municipality based solely on applying the preceding year's municipal tax rate to the apportionment valuation of new construction or improvements within the municipality and such increase shall be levied in direct proportion to said valuation; (iii) capital expenditures funded by any source; (iv) an increase involving certain defined categories of emergency appropriations as approved by the Director in certain cases; (v) amounts required to be paid pursuant to any contract between the municipality and any political subdivision or public body in connection with the provision and/or financing of projects for certain public purposes such as water, sewer, parking, senior citizens' housing or any similar purpose; or (vi) that portion of the municipal tax levy which represents funding to participate in any Federal or State aid program and amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures.

Additionally, the Legislature of the State of New Jersey has previously enacted P.L. 2007, c. 62 (the "Property Tax Act") effective April 3, 2007, which imposed a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The Property Tax Act has now been amended by the provisions of P.L. 2010, c. 44 effective June 13, 2010 (the "Amendment") and applicable to the next budget year following enactment. The Amendment reduces the tax levy cap to 2% from 4%, limits exclusions only to capital expenditures, including debt service, certain increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare cost increases in excess of 2% and extraordinary costs directly related to a declared emergency. Waivers from the Division of Local Government Services or the Local Finance Board are no longer available under the Amendment.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met.

REAL ESTATE TAXES

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

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

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

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

MISCELLANEOUS REVENUES

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

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

DEFERRAL OF CURRENT EXPENSES

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

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

BUDGET TRANSFERS

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between major appropriation accounts are prohibited until the last two months of the year. Although sub-accounts within an appropriation account are not subject to the same year-end transfer restriction, they are subject to internal review and approval.

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

This law regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Clerk of the local governmental unit and with the Director within six (6) months after the close of the local unit's fiscal year, unless the Director extends the time to complete and file the audit. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

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

DEBT LIMIT

The authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its stated equalized valuation basis. The stated equalized valuation basis of the Township is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

The Refunding Bonds are included in the computation of debt for the purpose of the statutory debt limit. The issuance of the Refunding Bonds will not cause the Township's indebtedness to exceed the statutory limit. At December 31, 2011, the Township's statutory net debt as a percentage of average equalized valuation was 0.69%. As noted above, the statutory limit is 3-1/2%.

EXCEPTIONS TO DEBT LIMIT

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

SCHOOL DEBT

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

PROPERTY TAX REFORM

In recent years, the New Jersey Legislature has considered various proposals to lessen the dependence of local governments on property taxes and to find alternative means to fund vital governmental services.

In November, 2006, the voters approved a constitutional amendment which dedicated the annual revenue derived from ½% of the 7% State sales tax for the purpose of property tax reform. In 2006, the Legislature also created four joint legislative committees to review and formulate proposals that address (i) public school funding reform; (ii) government consolidation and shared services; (iii) public employee benefits reform; and (iv) property tax reform (including through amendments to the State Constitution), and Governor Corzine also introduced a Blueprint for Property Tax Relief and Reform, calling for legislative consideration of a number of proposals, including a 4% cap in the annual increase in property tax bills.

Any legislation or constitutional amendments which alter the existing system of real property taxation in New Jersey may adversely affect the security and/or market value of bonds, notes and other obligations of counties and municipalities (such as the Township).

SHORT-TERM FINANCING

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

PENSION PLAN

Employees of the Township of Old Bridge who are eligible for a pension plan are enrolled in pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The state-administered plans are: The Public Employees' Retirement System; the Police and Firemen's Retirement System; and the Defined Contribution Retirement Program ("DCRP"). The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. The plans are funded annually based on the projected benefit method with aggregate level, normal cost and frozen initial unfunded accrued liability. The plans, which cover public employees throughout the state, do not maintain separate records for each reporting unit.

ANNUAL FINANCIAL STATEMENTS (N.J.S.A. 40a:5-12 et seq.)

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

INVESTMENT OF MUNICIPAL FUNDS

Investment of funds by municipalities is governed by N.J.S.A. 40A:5-14 et seq. Such statute requires municipalities to adopt a Cash Management Plan pursuant to the requirements outlined by said statute. Once a municipality adopts a Cash Management Plan, it must deposit or invest its funds pursuant to such Plan. N.J.S.A. 40A:5-15.1 provides for the permitted securities a municipality may invest in pursuant to its Cash Management Plan. Some of the permitted securities are as follows: (a) obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"); (b) Government money market mutual funds which invest in securities permitted under the statute; (c) bonds of certain Federal Government agencies having a maturity date not greater than 397 days from the date of purchase; (d) bonds or other obligations of the particular municipality or school districts of which the local unit is a part or within which the school district is located; and (e) bonds or other obligations having a maturity date not greater than 397 days from the date of purchase and approved by the Division of Investment, in the New Jersey Department of the Treasury. Municipalities are required to deposit their funds in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq. Municipalities are required to deposit their funds in interest-bearing bank accounts to the extent practicable and other permitted investments.

ACCOUNTING AND REPORTING PRACTICES

The accounting policies of the Township conform to the accounting principles applicable to local governmental units which have been prescribed by the State of New Jersey Division of Local Government Services. A modified accrual basis of accounting is followed with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from other governmental units and which are accrued. Receivables for property taxes

are recorded with offsetting reserves on the balance sheet of the Township's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue only when received. Expenditures are generally recorded on the accrual basis, except that unexpended appropriations at December 31, unless cancelled by the Governing Body, are reported as expenditures with offsetting appropriation reserves. Appropriation reserves are available, until lapsed at the close of the succeeding fiscal year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are credited to the results of operations. As is the prevailing practice among municipalities and counties in the State, the Township does not record obligations for accumulated unused vacation and sick pay.

FINANCIAL REPORTING PERIOD TRANSITION

Pursuant to P.L. 1991, c.75, the Township of Old Bridge has presented its financial activities on the State Fiscal Year (June 30) since January 1, 1991. In accordance with P.L. 2008, c.92, a municipality operating under the State Fiscal Year and which has adopted an ordinance authorizing the reversion to a Calendar Year may apply to the Local Finance Board of the State of New Jersey for approval to revert back to a Calendar Year reporting period.

On May 11, 2009, the Township Council adopted an ordinance authorizing the reversion to a Calendar Year reporting period and received Local Finance Board approval on June 10, 2009. As a result of this change, the Township prepared a Transition Year budget for the period July 1, 2009 through December 31, 2009 prior to the calendar year ending December 31, 2010. The financial statements for the six-month period ended December 31, 2009 represent the six-month transition period.

GENERAL INFORMATION OF THE TOWNSHIP OF OLD BRIDGE IN THE COUNTY OF MIDDLESEX, NEW JERSEY

GENERAL INFORMATION

LOCATION AND AREA

The Township of Old Bridge (the "Township") in the County of Middlesex (the "County"), State of New Jersey (the "State") is a growing community of over 65,000 people in the southeastern portion of the County and the central-eastern portion of the State. The Township is situated between the Gateway Region, with its tourism, culture and other urban amenities, and the Shore Region, with its beaches, boardwalks, and other amusements. The Township is approximately 42 square miles and is bordered by the Boroughs of Sayreville and Spotswood and the Townships of East Brunswick and Monroe in Middlesex County and the Townships of Aberdeen, Manalapan and Marlboro and the Borough of Matawan in Monmouth County.

Although the atmosphere of the Township appears to be primarily residential, a considerable portion of the Township is zoned for commercial and industrial use and has excellent access to the major transportation corridors of the New York-northern New Jersey metropolitan area. The Township is situated along the Garden State Parkway at milepost 120, approximately 36 miles south of New York City, 10 miles east of the City of East Brunswick, the County seat, and 15 miles northeast of Princeton. The Township is also only 10 miles from the New Jersey Turnpike. Passenger rail service and buses to New York City are accessible from the Township. Newark-Liberty International Airport is only a 30-minute drive from the Township.

HISTORICAL INFORMATION

The first inhabitants of the area known as the Township were the Lenni Lenape Indians. They, like many people today, migrated to the shore and coastal regions along the Raritan each summer from their hunting grounds in the north.

When the English gained control of the colony from the Dutch in 1664, the colony was divided into 2 provinces, East and West Jersey. In 1682, the general assembly of East Jersey defined the boundaries of the County as containing all plantations on both sides of the Raritan River, as far as Cheesequake Harbor to the east, then southwest to the provincial line. This provincial line is now the border separating the Counties of Monmouth and Middlesex and also forms the Township's southern border.

In 1684, the Township of South Amboy was formed. It covered an area that now consists of the Townships of Monroe and Old Bridge, the Borough of Sayreville and the City of South Amboy. The 42 square miles that currently comprise the Township separated from the Township of South Amboy in 1869 and was called Madison Township until 1975, when the name was changed by voter referendum to the Township of Old Bridge.

The first Township settlers were John Warned, son of an original proprietor of East Jersey, and John and Susannah Brown, who obtained a 10,000 acre land grant from the King of England in 1737. A section of the Township still carries the name Browntown.

Prior to 1950, many portions of the Township were undeveloped and agriculture was the main stay of the Township's economy. However, with the opening of the Garden State Parkway and improvements to Federal, State and County highways and roadways after 1950, residential development increased, commercial development followed soon thereafter and, accordingly, the population of the Township began to grow. For several decades, the County's population and development have increase among the fastest of all counties in the State. The Township has experienced a growth in its ratables as a result of the increase in residential and commercial development. Today, the Township's population is in excess of 65,000 people and is primarily a residential and commuter community, with its residents commuting to the New York-northern New Jersey metropolitan area.

MUNICIPAL GOVERNMENT

The Township operates under the Mayor-Council Plan of the Optional Municipal Charter Law, N.J.S.A. 40:69A-1 et seq., as amended and supplemented. The Township is governed by a 9-member Township Council and a Mayor. The Township Council consists of 7 individual Ward Council Members and 2 at-large Council Members, all of whom are elected for staggered terms of 3 years each. The Mayor is elected for a term of 4 years. The Township Council has the responsibility for all legislative matters ranging from the enactment of ordinances and adoption of resolution to the representation of general citizens. The Governing Body meets on the second and fourth Mondays of each month. The meetings are open to the public and public discussion and comments are allowed.

TRANSPORTATION

Train Service

Train service to New York City, Newark, Philadelphia, Boston and Washington is served by New Jersey Transit through nearby railroad stations.

Bus Service

Bus service to New York City, Newark, Philadelphia, Boston and Washington is served by the following transit companies: New Jersey Transit, Academy Bus Line and Coach USA.

Public Highways

New Jersey Highway Routes 9, 18, 34 and 35 traverse the Township. Additionally, direct north and south bound exits and entrances, Numbers 9 and 11, to the New Jersey Turnpike are located nearby in Woodbridge and East Brunswick. The Cheesequake entrance to the Garden State Parkway at milepost 120 is located within the Township.

Deep Water Ports and Airports

Within 26 miles of the Township are the Ports of New York, Newark and Elizabeth with the world's largest container facilities. Four major airports are within 90 minutes of the Township, with Newark-Liberty International Airport being only a 30 minute drive from the Township.

EDUCATION

Local School District

The public school system in the Township, operated by the Board of Education of the Township of Old Bridge in the County of Middlesex, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed thereby), as a Type II school district. The School District is coterminous with the Township.

The School District provides a full range of educational services for students in grades kindergarten through 12. The Board functions independently through a 9 member board elected by the School District's voters to staggered 3 year terms. The Board appoints a Superintendent and a School Business Administrator/Board Secretary, who are responsible for budgeting, planning, and operational functions of the School District. The Board operates 12 elementary schools, 2 middle schools, and 1 high school. The schools provide a wide breadth of curriculum offerings to students ranging from classified to gifted. The Township's public school system, with a student population of 9,294, ranks as one of the largest suburban school districts in the State. The school system enjoys a fine reputation with many of its graduates being accepted by and graduating from leading colleges and universities.

School District Enrollment

Trends of Enrollment

<u>Fiscal Year</u>	<u>Average Daily School District Enrollment</u>	<u>Fiscal Year</u>	<u>Average Daily School District Enrollment</u>
2010-2011	9,415	2008-2009	9,610
2009-2010	9,485	2007-2008	9,648

Colleges and Universities

Situated in central New Jersey, the Township has the advantage of having the following universities and colleges located within a distance of approximately 10 miles: Rutgers University, Middlesex County College, Monmouth University, and Brookdale Community College.

Other Schools

In addition to its public schools, the Township's students also attend St. Ambrose Roman Catholic School and St. Thomas the Apostle School, each offering grades K-8.

PUBLIC SAFETY

Police Service

The Township's public safety needs are satisfied by the Old Bridge Police Department. The Police Department currently has 80 full-time sworn officers and 24.5 civilian employees, who respond to approximately 62,621 calls for service each year. The Police Department is equipped with modern and scientific crime-fighting equipment and its employees and officers are trained in modern law enforcement techniques.

Volunteer First Aid Service

Volunteer first aid and ambulance service to Township residents as well as residents in surrounding communities is provided by 5 first aid squads. Funding for the first aid squads' operations is by solicitations from the public, as well as an annual grant from the Township. During day-time hours, emergency medical service and ambulance service is provided by a private contractor at no cost to the residents.

Fire Department Service

Fire protection is provided by 4 Fire Districts which oversee and maintain the 9 firehouses within the Township. Fire service is provided predominantly by volunteers, although paid firefighters are used to enhance volunteer coverage during day-time hours. The locations of the firehouses are such that a fire anywhere within the Township can be quickly answered and serviced. All fire-fighting apparatus and equipment are of the latest design. In addition, a continuous training program keeps all fire fighting personnel abreast of the latest techniques. These public safety services are maintained on a 24 hour-a-day, 365 days-a-year basis call.

PUBLIC LIBRARY

The Old Bridge Public Library provides a full range of library services through 2 facilities: a modern, 47,000 square foot building in the Township Municipal Complex, and a recently renovated and expanded small branch library in the Laurence Harbor section of the Township, just steps from the waterfront.

The Laurence Harbor library was started in 1957 by the Laurence Harbor Women's Club. It moved to its current location, the former Township Police Building, in 1959. This library merged with the former Madison Township Library Association Library on State Highway 516 and became a municipal public library through public referendum in 1972. A new Central Library building was constructed in the municipal complex in the 1970's. A decade later, the growing collections and demands for additional services led to the construction of the current, main library building, which was completed in 1993. The former library in the Municipal Complex became the George Bush Senior Center and the Route 516 property was sold in 1997.

In addition to traditional library programs such as book discussion groups and children's story times, the Library offers musical events, art displays, game clubs, family game nights, film showings, and a complete range of activities for the teens of the community. The homebound residents are served by the Library's Books by Mail program, and a Computer Training Center offers instruction in the use of a variety of software and Internet searching techniques. A large meeting room and conference room are heavily used by the citizens and organizations of the Township.

The Township provides an annual appropriation from its budget for library services: \$2,559,554.48 in Fiscal Year 2011. The Library's combined collections of books, audio books, compact discs, DVD's, magazines, and newspapers exceeds a total number of 217,388 items. The Library also provides public Internet access. The Old Bridge Public Library is a member of the Libraries of Middlesex Automation Consortium, and MURAL; a mutual, reciprocal book lending organization with access to libraries in Middlesex and Union counties. A new agreement expands reciprocal borrowing to Passaic, Bergen, and Morris counties.

The Old Bridge Public Library is governed by a Board of Trustees comprised of the Mayor, the Superintendent of Schools, 2 alternates and 5 members appointed by the Mayor. Meetings are held 11 times a year and the public is welcome.

CULTURE AND RECREATION

The Township has a great number of attractions and recreational facilities, including the Old Bridge Ice Arena, which is used as an ice skating and hockey facility during the winter, and in the summer, the rink is used for roller hockey. The Township is also home to the 1,284 acre Cheesequake State Park, which has facilities and activities including an interpretive center, camping, swimming, boating, canoeing, food concessions, fishing, hiking, biking, sledding, and cross country skiing. The Township also has the Raritan Bay beachfront and numerous Township parks offer picnicking, ball fields and courts, playgrounds, and recreational centers. The Township is home to the Thomas Warne Historical Museum and Library, once a one-room school built in 1885. Raceway Park has been of the drag racing's premier facilities since opening in 1965.

INTERNAL TOWNSHIP OPERATIONS

Financial

The Township's financial operations were fully computerized in 1990 with state-of-the-art computer equipment. This permits the Township to closely monitor revenues and investments. If a shortfall occurs in the collections, delinquent notices can be sent immediately. Also, notices threatening of rent and income receivership are issued. If any income producing property does not pay taxes within six months, the Township may make an application to take rents and profits through Superior Court. These procedures have proven effective with a resulting collection rate that consistently exceeds 99%.

Engineering and Planning Department

The Township maintains a full-time Engineering staff and Planning Department.

Assessment and Collection of Taxes

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

Property taxes are based on a municipality's assessor's valuation of real property, as confirmed by the tax board of the county in which a municipality is situated, and are levied for either the calendar year or the state fiscal year. The taxes for municipal, local school districts, and county purposes are combined into one levy which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purpose of school districts cover the current calendar year. Turnover of tax monies by a municipality to a school district are based on school needs and are generally made on a periodic basis throughout the year. A municipality remits 100% of the county taxes, payable quarterly on the 15th day of February, May, August and November. The fire districts receive 4 payments a year based on the following: April 1, 21.25%; July 1, 22.50%; October 1, 25.00%; and December 31, 31.25%.

In the calendar year, municipality tax bills are to be delivered on or before June 14. The tax bill is a final bill covering the last 6 months of the current year and a preliminary bill for the first 6 months of the next calendar year, based on half of the current year total levy.

Delinquent payments are subject to an interest penalty of 8% on the first \$1,500.00 of delinquency and 18% on amounts exceeding \$1,500.00 and, if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31, an additional penalty of 6% shall be charged against the delinquency, subject to any abatement or discount for the late payment of taxes as provided by law. Unpaid taxes are subject to tax sale as of July 1 following the year of levy (or, under certain circumstances, as early as the final month of the year of the current tax levy), in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to the property.

Tax Appeals

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

UTILITY INFORMATION

Sewer and Water Services

Sewer and water services are provided by the Old Bridge Municipal Utilities Authority. Customer charges provide the funds to pay for the system's maintenance, the expansion of lines, improvement of services, and retirement of debt. The Old Bridge Municipal Utilities Authority is responsible for the supply of water to fill the needs of residences and businesses. The water rents collected are used to pay for the day-to-day operations, expansions of water lines, improvement of service, and retirement of debt. The Old Bridge Municipal Utilities Authority maintains and operates its own internal sewer and water distribution systems, and maintains at least two water treatment plants. The Old Bridge Municipal Utilities Authority has adequate capacity as well as water mains to provide water services for current and future needs, be it residential, industrial, or commercial.

For sewage disposal and processing purposes, the Authority is a participant in the MCUA.

Other Services

Natural gas is provided by the Public Service Electric and Gas Company and New Jersey Natural Gas Company. Electricity is provided by GPU. Garbage is collected by independent contractors with billing directly to the residents.

GROWTH, DEVELOPMENT AND PLANNING

Over the years, the Township has enjoyed continued growth in real property valuations and industry. There has always been a strong emphasis on balance in relation to industry, commercial development, or residential units. The Township, because of its location, traversed by major transportation arteries, receives many inquiries about commercial and industrial development. The fact that the Township is at the crossroads of North and South Jersey is attracting ratables even in slow economic times. As an indication of an aggressive Township Administration, the dollar value of the industrial and commercial ratable base has remained strong as indicated below:

Industrial and Commercial Assessed Valuation

<u>Tax Year</u>	<u>Assessed Valuation</u>
2004	\$406,072,600
2005	382,306,600
2006	383,330,900
2007	380,269,600
2008	384,905,500
2009	554,725,400
2010	551,894,100
2011	563,131,200
2012	559,665,300

The Township Council, the Old Bridge Township Economic Development Corporation and Township officials are available to assist commercial and industrial establishments interested in locating in the Township. They are aware of problems in various industries and, being business people themselves, are committed to industrial, as well as, commercial and residential growth. The vitality and the viability of the future growth of the Township is revealed

in the statistics of the last three years as they relate to the industrial and commercial assessed valuation. Approximately two-thirds of the industrially and commercially zoned land of the Township is still unoccupied.

Population Trends

<u>Year</u>	<u>Township of Old Bridge</u>	<u>County of Middlesex</u>	<u>State of New Jersey</u>
2010	65,375	809,858	8,791,894
2000	60,456	750,162	8,414,350
1990	56,475	671,780	7,730,188
1980	51,515	595,893	7,365,011

Number of Building Permits Issued

<u>Year</u>	<u>Township of Old Bridge</u>
2011	4,244
2010	4,273
2009	3,868
2008	3,859
2007	4,472

LARGEST TAXPAYERS – 2012*

<u>Property Owner</u>	<u>2012 Assessed Valuation</u>	<u>Real Estate Taxes Paid 01/01/11-12/31/11</u>
Middlesex Builders	20,000,000	\$891,000.00
Madison Realty	17,300,000	770,715.00
Wilf, Harry & Joe & Leonard & Zygmunt	16,500,000	735,075.00
Route Nine Plaza LLC	15,227,200	689,335.34
Heritage Old Bridge Suite 300	15,135,900	685,202.19
Aldercrest Inc Sec 3	14,425,600	642,660.48
Aldercrest Inc Sec 2	14,425,600	642,660.48
Alderdrest Inc Sec 1	14,131,200	629,544.96
Woodhaven Village Inc	12,029,500	598,773.96
Ms Normandy OB Assoc c/o Vision Equity	11,904,800	529,213.61

* Source: Township Tax Assessor

STATEMENT OF BONDED INDEBTEDNESS¹
As of December 31, 2011

GROSS DEBT

School Debt

Bonds Issued and Outstanding \$ 41,255,000.00

Arena and Recreation Utility

Serial Bonds:

Issued and Outstanding \$ 345,000.00

Authorized But Not Issued 1,000.00

Refunding Bonds:

Issued and Outstanding 194,650.00

540,650.00

Municipal Debt (Other)

Serial Bonds

Issued and Outstanding:

General 23,945,350.00

Authorized But Not Issued 11,508,021.62

Bonds/Bond Anticipation Notes

General Improvements 10,228,000.00

Green Acres Trust Loans 975,134.88

Infrastructure Trust Loans 6,054,844.39

NJEDA Loan 27,000.00

MCIA Loan 172,866.19

52,911,217.08

TOTAL GROSS DEBT

94,706,867.08

DEDUCTIONS

School Leasehold 1,000,000.00

For School Purposes:

School Debt 41,255,000.00

TOTAL DEDUCTIONS

42,255,000.00

STATUTORY NET DEBT

\$ 52,451,867.08

¹ Source: Township CY 2011 Annual Debt Statement

OVERLAPPING DEBT¹

Old Bridge MUA	\$ 41,778,998.00
Middlesex County UA	13,957,302.00
Middlesex County	<u>47,487,819.53</u>
 Total Overlapping Debt	 <u>103,224,119.53</u>
 Total Overall Debt	 \$ _____
 Average of Equalized Assessed Valuation of Real Property (2009, 2010, 2011) (State Certified Valuation)	 <u>\$ 7,559,369,897.00</u>
 Net Debt as a Percentage of Said Average Equalized Valuations (Statutory Net Debt)	 0.69%
 Total Overall Debt as a Percentage of Said Average Equalized Valuations (Total Overall Debt)	 %
 Equalized Valuation of Real Property (Year 2011)	 <u>\$ 7,827,695,080.00</u>
 Net Debt as a Percentage of Said Assessed Equalized Valuation (Year 2011 Valuation) (Statutory Net Debt)	 0.67%

The overlapping debt applicable to Middlesex County was computed based upon final Equalized Tax Table.

	Valuations	
	County	Township
Communication Equipment	\$ 123,943,422	\$ 4,204,272
Land	16,979,102,184	1,275,200,200
Improvements	30,595,006,967	2,125,463,400
Deductions	(79,248,600)	0
Additions	<u>57,784,424,004</u>	<u>4,157,592,487</u>
	<u>\$105,403,227,977</u>	<u>\$ 7,562,460,359</u>

Percentage of Equalized Assessed Valuation 7.174790%

Outstanding Net Debt:
 Net Debt as of December 31, 2011
 (County Debt) \$ 661,870,515

Municipal Share of County Debt
 Based on Percentage of Equalized
 Valuation \$ 47,487,819.53

¹ Sources: Old Bridge MUA, Township CY 2011 Annual Debt Statement, Middlesex County 2011 Abstract of Ratables, Middlesex County 2011 Annual Debt Statement

CURRENT YEAR'S TAX COLLECTION DATA¹

<u>Year</u>	<u>Amount of Levy</u>	<u>Cash Collected Year of Levy</u>	<u>Percentage Collected Year of Levy</u>
06/30/07	\$ 136,048,887.30	\$ 135,469,172.84	99.57%
06/30/08	141,740,944.77	141,586,549.90	99.89
06/30/09	142,947,654.97	142,169,825.23	99.46
12/31/09	73,821,519.63	72,532,538.03	98.25
12/31/10	146,649,779.90	145,770,170.55	99.40
12/31/11	151,106,048.90	150,870,719.35	99.84

DELINQUENT TAX COLLECTION DATA²

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
06/30/07	\$ 965,498.60	\$ 860,142.11	\$ 1,825,640.71	1.34%
06/30/08	116,103.38	784,083.05	900,186.43	0.64
06/30/09	833,597.71	64,975.56	898,573.27	0.63
12/31/09	883,736.35	884,198.27	1,767,934.62	2.39
12/31/10	1,001,650.89	72,202.34	1,073,853.23	0.73
12/31/11	1,082,637.62	66,140.79	1,148,778.41	0.76

TAX TITLE LIENS³

<u>Year</u>	<u>Balance Beginning</u>	<u>Added by Interest And Transfers</u>	<u>Sale Collections</u>	<u>Cancelled Transferred</u>	<u>Balance End</u>
06/30/07	\$ 815,114.82	\$ 58,728.34	---	---	\$ 873,843.16
06/30/08	873,843.16	48,770.15	\$ 138,530.26	---	784,083.05
06/30/09	784,083.05	49,514.66	---	---	833,597.71
12/31/09	833,597.71	50,138.64	---	---	883,736.35
12/31/10	883,736.35	117,914.54	---	---	1,001,650.89
12/31/11	1,001,650.89	116,257.62	27,896.31	\$ 7,374.58	1,082,637.62

FORECLOSED PROPERTY⁴

<u>Year</u>	<u>Balance Beginning</u>	<u>Sales Transfers and Adjustments</u>	<u>Assessed Value</u>	<u>Balance End</u>
06/30/07	\$ 12,875,200	---	---	\$ 12,875,200
06/30/08	12,875,200	---	\$ 298,800	12,576,400
06/30/09	12,576,400	---	2,500	12,573,900
12/31/09	12,573,900	\$2,955,900	---	15,529,800
12/31/10	15,529,800	2,980,000	---	12,549,800
12/31/11	12,549,800	---	---	12,549,800

¹ Source: Township Audit Reports

² Source: Township Audit Reports

³ Source: Township Audit Reports

⁴ Source: Township Audit Reports

COMPARATIVE TAX RATE AND NET ASSESSED VALUE¹

<u>Year</u>	<u>Net Valuation Taxable</u>	<u>Total Tax Rate</u>	<u>Municipal Rate</u>	<u>Local School Rate</u>	<u>County Rate</u>
06/30/07	\$3,339,763,515	3.990	0.81	2.544	0.636
06/30/08	3,375,373,060	4.041	0.82	2.545	0.676
06/30/09	3,393,150,787	4.111	0.863	2.544	0.704
12/31/09	3,393,150,787	4.111	0.863	2.544	0.704
12/31/10	3,395,973,211	4.196	0.943	2.560	0.693
12/31/11	3,404,867,872	4.317	0.980	2.588	0.749

BREAKDOWN OF 2011 RATABLES AND LEVY¹

	<u>Assessed Valuation</u>	<u>Percentage</u>	<u>Percentage Commercial, Apartments and Industrial</u>
Vacant	\$ 54,894,600	1.61%	---
Residential	2,772,812,500	81.54	---
Farm	9,825,300	0.29	---
Commercial	353,469,800	10.39	62.77%
Industrial	46,073,000	1.35	8.18
Apartments	<u>163,588,400</u>	<u>4.82</u>	<u>29.06</u>
TOTAL	<u>\$ 3,400,663,600</u>	<u>100.00%</u>	<u>100.00%</u>

(Does not include the taxable value of machinery, implements and equipment of telephone, telegraph and messenger systems companies -- Assessed Valuation in the amount of \$4,204,272).

2011 TAX LEVY²

		<u>Tax Rate</u>
County Taxes	\$ 25,481,209.70	0.749
Local School Tax	88,111,309.00	2.588
Municipal	<u>33,371,484.87</u>	<u>0.980</u>
	<u>\$ 146,964,003.57</u>	<u>4.317</u>

¹ Source: Township Tax Assessor

² Source: Middlesex County 2011 Abstract of Ratables

TAX MATTERS

EXCLUSION OF INTEREST ON THE REFUNDING BONDS FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met on a continuing basis subsequent to the issuance of the Refunding Bonds in order to assure that interest on the Refunding Bonds will be excluded from gross income for purposes of Federal income taxation under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Refunding Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of the issuance of the Refunding Bonds. The Township has covenanted to comply with the provisions of the Code applicable to the Refunding Bonds and has covenanted not to take any action or permit any action that would cause the interest on the Refunding Bonds to be included in gross income under Section 103 of the Code or cause interest on the Refunding Bonds to be treated as an item of tax preference under Section 57 of the Code.

Assuming the Township observes its covenants with respect to continuing compliance with the Code, Gibbons P.C., Bond Counsel to the Township, is of the opinion that, under existing law, interest on the Refunding Bonds is excluded from the gross income of the owners of the Refunding Bonds for Federal income tax purposes pursuant to Section 103 of the Code and interest on the Refunding Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

In the case of certain corporate holders of the Refunding Bonds, interest on the Refunding Bonds will be included in the calculation of the alternative minimum tax as a result of the inclusion of interest on the Refunding Bonds in "adjusted current earnings" of certain corporations.

Prospective purchasers of the Refunding Bonds should be aware that ownership of, accrual of, receipt of, interest on, or disposition of, tax-exempt obligations, such as the Refunding Bonds, may have additional Federal income tax consequences for certain taxpayers, including without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any Federal tax consequences other than its opinion with regard to the exclusion of interest on the Refunding Bonds from gross income pursuant to Section 103 of the Code and interest on the Refunding Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Refunding Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Refunding Bonds.

STATE TAXATION

Bond Counsel is of the opinion that, under existing law, interest on the Refunding Bonds and net gains from the sale of the Refunding Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

MISCELLANEOUS

Amendments to federal and state tax laws are proposed from time to time and could be enacted, and court decisions and administrative interpretations may be rendered, in the future. There can be no assurance that any such future amendments or actions will not adversely affect the value of the Refunding Bonds, the exclusion of interest on the Refunding Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the Refunding Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE REFUNDING BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE REFUNDING BONDS.

RATING

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

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

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, et seq., as amended by Public Law 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of affecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the 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, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such

class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission ("Commission") has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the 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. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

THE ABOVE REFERENCES TO THE BANKRUPTCY CODE ARE NOT TO BE CONSTRUED AS AN INDICATION THAT THE TOWNSHIP EXPECTS TO RESORT TO THE PROVISIONS OF SUCH BANKRUPTCY CODE OR THAT, IF IT DID, SUCH ACTION WOULD BE APPROVED BY THE COMMISSION, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY OF THE REFUNDING BONDS.

THE SUMMARIES OF AND REFERENCES TO THE STATE CONSTITUTION AND OTHER STATUTORY PROVISIONS ABOVE ARE NOT AND SHOULD NOT BE CONSTRUED AS 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.

LITIGATION

Upon delivery of the Refunding Bonds, the Township shall furnish a certificate of its Attorney, dated the date of delivery of the Refunding Bonds, to the effect that there is no litigation of any nature, pending or threatened, to restrain or enjoin the issuance, sale, execution or delivery of the Refunding Bonds, or in any way contesting or affecting the validity of the Refunding Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Refunding Bonds. In addition, such opinion shall state that, to the Attorney's knowledge and information, there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material and adverse impact on the financial condition of the Township or adversely affect the power to levy, collect, and enforce the collection of taxes or other revenues for the payment of the Refunding Bonds, which has not been disclosed in this Official Statement.

LEGALITY FOR INVESTMENT

The state and public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any bonds of the Township, including the Refunding Bonds, and such bonds are authorized security for any and all public deposits.

CONTINUING DISCLOSURE

The Township has covenanted for the benefit of the Bondholders and Beneficial Owners of the Refunding 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 to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the Township with the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in "APPENDIX B – Form of Continuing Disclosure Certificate". These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the "SEC").

The Township has never failed to comply, in all material respects, with any previous undertakings to provide continuing disclosure in compliance with the requirements of Rule 15c2-12.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incidental to the authorization, issuance, sale and delivery of the Refunding Bonds are subject to the approval of Gibbons P.C., Newark, New Jersey, Bond Counsel to the Township, whose approving legal opinion will be delivered with the Refunding Bonds substantially in the form set forth as Appendix C. Certain legal matters will be passed on for the Township by its Attorney, Mark Roselli, Esq., Old Bridge, New Jersey.

The various legal opinions to be delivered concurrently with the delivery of the Refunding Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The Refunding Bonds are being purchased from the Township by NW Capital Markets Inc. ("Underwriter"), pursuant to a purchase contract dated October 3, 2012 (the "Purchase Contract") at a purchase price of \$3,944,922.70 (which is equal to the principal amount of the Refunding Bonds of \$3,750,000.00 plus original issue premium of \$207,597.70 less an Underwriter's discount of \$12,675.00). The Underwriter is obligated to purchase all of the Refunding Bonds if any Refunding Bonds are purchased. The obligation of the Underwriter to accept delivery of and pay for the Refunding Bonds is subject to various conditions contained in the Purchase Contract.

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

VERIFICATION OF MATHEMATICAL ACCURACY

The accuracy of: (i) arithmetic computations supporting the conclusion that the principal amounts of, and interest earned on, the government obligations to be acquired with a portion of the proceeds of the Refunding Bonds are sufficient to pay the principal or redemption price of and interest on the Refunded Bonds; and (ii) the mathematical computations supporting the conclusion that the Refunding Bonds will not be "arbitrage bonds" under the Code, will be independently verified by Hutchins, Farrell, Meyer & Allison, P.A., Freehold, New Jersey.

PREPARATION OF OFFICIAL STATEMENT

Gibbons P.C. has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except under the heading "TAX MATTERS") and, accordingly, will express no opinion with respect thereto.

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

Hutchins, Farrell, Meyer & Allison, P.A. , the auditor to the Township, has participated in the preparation of the information contained in this Official Statement but has not verified the accuracy, completeness, or fairness thereof and, accordingly, expresses no opinion or other assurance with respect thereto, but takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report appearing in Appendix A hereto.

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

NO DEFAULT

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Himanshu R. Shah, Chief Financial Officer, Township of Old Bridge, One Old Bridge Plaza, Old Bridge, New Jersey 08857, telephone (732) 521-7600 or to Hutchins, Farrell, Meyer & Allison, P.A., 912 Highway 33, Suite 2, Freehold, New Jersey 07728, telephone (732) 409-0800.

MISCELLANEOUS

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

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

By: /s/ Himanshu R. Shah
Himanshu R. Shah
Chief Financial Officer

Date: October 3, 2012

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APPENDIX A

FINANCIAL STATEMENTS

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

Certified Public Accountants • Business & Financial Advisors

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

Patrice R. Antonucci, CPA
Glenn G. VanPell, CPA
Karen D. Davis, CPA, CVA
Crystal L. Fitzpatrick, CPA
Hélène T. Morizzo, CPA

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Toms River, NJ 08754
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REPORT OF INDEPENDENT ACCOUNTANTS ON CONDENSED FINANCIAL STATEMENTS

Honorable Mayor and Members of
the Township Council
Township of Old Bridge, New Jersey

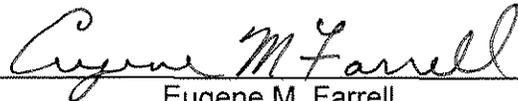
We have audited, in accordance with auditing standards generally accepted in the United States of America, the Balance Sheets-Statutory Basis of Current Fund, Trust Funds, General Capital Fund, Arena and Recreation Utility Fund, Solid Waste Utility Fund and Parking Utility Fund of the Township of Old Bridge, County of Middlesex, New Jersey as of December 31, 2011, and the related Statements of Operations and Changes in Fund Balance-Statutory Basis of the Current Fund, Arena and Recreation Utility Fund, Solid Waste Utility Fund and Parking Utility Fund and cash for the year then ended.

In our report dated June 8, 2012, we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to differences between those principles and the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and an unqualified opinion on a regulatory basis.

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

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

Independent Auditors



Eugene M. Farrell
Registered Municipal Accountant
(#409)

June 8, 2012

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Assets</u>	<u>2011</u>	Calendar Year <u>2010</u>	Six Months Ended <u>12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
Regular Account:						
Cash and Equivalents	\$ 17,543,722.23	\$ 13,643,900.69	\$ 16,580,449.69	\$ 12,957,452.12	\$ 15,071,445.79	\$ 15,035,282.96
Cash - Change Funds	700.00	700.00	700.00	650.00	550.00	550.00
Cash - Petty Cash						
Due From State of New Jersey per Chapter 20, P.L. 1976	<u>76,357.48</u>	<u>74,947.26</u>	<u>85,755.46</u>	<u>356,629.79</u>	<u>355,968.41</u>	<u>376,832.65</u>
	<u>17,620,779.71</u>	<u>13,719,547.95</u>	<u>16,666,905.15</u>	<u>13,314,731.91</u>	<u>15,427,964.20</u>	<u>15,412,665.61</u>
Receivables with Offsetting Reserves:						
Real Estate Taxes Receivable	66,140.79	72,202.34	884,198.27	64,975.56	116,103.38	1,098,119.18
Tax Title Liens	1,082,637.62	1,001,650.89	883,736.35	833,597.71	784,083.05	873,843.16
Property Acquired for Taxes - Assessed Value	12,549,800.00	12,549,800.00	15,529,800.00	12,573,900.00	12,576,400.00	12,875,200.00
Revenue Accounts Receivable	104,442.20	116,852.37	50,202.44	61,751.66	87,274.53	61,184.88
Interfund Loans Receivable	<u>115,246.30</u>	<u>97,903.83</u>	<u>56,298.43</u>	<u>93,022.28</u>	<u>99,553.22</u>	<u>8,526.50</u>
	<u>13,918,266.91</u>	<u>13,838,409.43</u>	<u>17,404,235.49</u>	<u>13,627,247.21</u>	<u>13,663,414.18</u>	<u>14,916,873.72</u>
Deferred Charges:						
Overexpenditure of Budget Appropriation		175,868.28				
Emergency Appropriation	<u>178,000.00</u>	<u>57,000.00</u>		<u>335,000.00</u>	<u>38,225.00</u>	<u>211,000.00</u>
	<u>178,000.00</u>	<u>232,868.28</u>		<u>335,000.00</u>	<u>38,225.00</u>	<u>211,000.00</u>
Federal and State Grant Fund:						
Cash and Investments	1,231,333.39	1,161,592.59	1,394,399.32	1,540,274.45	1,489,554.15	846,762.34
Grants Receivable	<u>694,013.51</u>	<u>1,326,034.09</u>	<u>344,145.44</u>	<u>565,862.79</u>	<u>883,819.76</u>	<u>425,636.67</u>
	<u>1,925,346.90</u>	<u>2,487,626.68</u>	<u>1,738,544.76</u>	<u>2,106,137.24</u>	<u>2,373,373.91</u>	<u>1,272,399.01</u>
Total Assets	<u>\$ 33,642,393.52</u>	<u>\$ 30,278,452.34</u>	<u>\$ 35,809,685.40</u>	<u>\$ 29,383,116.36</u>	<u>\$ 31,502,977.29</u>	<u>\$ 31,812,938.34</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

CURRENT FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>2011</u>	<u>Calendar Year 2010</u>	<u>Six Months Ended 12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
Liabilities:						
Appropriation Reserves	\$ 2,042,350.03	\$ 968,515.93	\$ 690,536.25	\$ 1,093,422.56	\$ 1,232,645.31	\$ 769,157.61
Reserve for Encumbrances	1,794,757.88	2,030,209.43	1,380,404.66	2,179,953.53	1,284,021.72	1,361,960.35
Accounts Payable	1,447,989.71	605,995.85	545,127.52	649,834.95	476,853.85	539,994.38
Tax Overpayments	82,616.94	279,173.29	61,572.42	43,629.93	41,086.46	271,601.43
Prepaid Tax	555,090.66	471,355.47	430,405.14	296,802.26	374,121.54	244,792.30
Reserves for Specific Purposes	1,272,044.21	473,044.21	2,558,181.03	2,687,685.73	2,653,766.45	2,648,593.21
Interfund Loans Payable	50,000.00				2,313.34	
Miscellaneous Liabilities	<u>3,444,755.83</u>	<u>2,461,791.18</u>	<u>35,393.91</u>	<u>363,321.76</u>	<u>27,990.98</u>	<u>17,966.88</u>
	10,689,605.26	7,290,085.36	5,701,620.93	7,314,650.72	6,092,799.65	5,854,066.16
Reserve for Receivables	13,918,266.91	13,838,409.43	17,404,235.49	13,627,247.21	13,663,414.18	14,916,873.72
Fund Balance	<u>7,109,174.45</u>	<u>6,662,330.87</u>	<u>10,965,284.22</u>	<u>6,335,081.19</u>	<u>9,373,389.55</u>	<u>9,769,599.45</u>
Total Regular Fund	<u>31,717,046.62</u>	<u>27,790,825.66</u>	<u>34,071,140.64</u>	<u>27,276,979.12</u>	<u>29,129,603.38</u>	<u>30,540,539.33</u>
Federal and State Grant Fund:						
Reserve for Encumbrances	220,938.16	144,569.83	962,492.11	1,245,000.78	186,531.21	382,844.65
Interfund Loans Payable				34,924.25	100,000.00	108,026.50
Reserve for State and Federal Grants:						
Appropriated	1,617,231.11	2,338,056.85	776,052.65	826,210.90	2,085,912.57	780,832.82
Unappropriated	<u>87,177.63</u>	<u>5,000.00</u>		<u>1.31</u>	<u>930.13</u>	<u>695.04</u>
	<u>1,925,346.90</u>	<u>2,487,626.68</u>	<u>1,738,544.76</u>	<u>2,106,137.24</u>	<u>2,373,373.91</u>	<u>1,272,399.01</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 33,642,393.52</u>	<u>\$ 30,278,452.34</u>	<u>\$ 35,809,685.40</u>	<u>\$ 29,383,116.36</u>	<u>\$ 31,502,977.29</u>	<u>\$ 31,812,938.34</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

CURRENT FUND

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

	<u>2011</u>	<u>Calendar Year 2010</u>	<u>Six Months Ended 12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
Revenue and Other Income Realized:						
Fund Balance Utilized	\$ 5,780,651.00	\$ 10,083,605.00	\$ 271,251.00	\$ 7,800,000.00	\$ 8,087,000.00	\$ 7,875,000.00
Miscellaneous Revenue Anticipated	18,497,664.12	16,754,520.08	13,095,260.03	18,322,165.43	20,409,168.77	17,585,069.29
Receipts From Delinquent Taxes	65,536.75	873,313.03	25,196.25	229,787.86	1,138,333.86	1,048,125.85
Receipts From Current Taxes	150,370,719.35	146,456,953.10	72,831,173.98	142,746,451.61	141,586,549.90	136,370,348.27
Non-Budget Revenues	1,568,394.39	1,159,398.25	624,745.53	1,143,415.08	2,079,631.54	1,505,566.56
Other Credits To Income:						
Unexpended Balance of Appropriation						
Reserves	952,072.73	814,733.56	2,204,997.01	1,453,558.97	1,052,394.09	1,721,980.93
Interfund Loans Returned (Net)	97,903.83		36,098.64		8,526.50	22,355.23
Cancelled Accounts Payable	4,250.00	51,769.37	380,107.73	65,336.78	221,258.44	156,785.80
Miscellaneous Credits	74,759.14	11,690.78	5,947.08	7,814.98	228,023.04	106,782.86
Total Revenues	<u>177,411,951.31</u>	<u>176,205,983.17</u>	<u>89,474,777.25</u>	<u>171,768,530.71</u>	<u>174,810,886.14</u>	<u>166,392,014.79</u>
Expenditures:						
Budget and Emergency Appropriations	53,753,176.80	55,624,850.93	26,600,795.22	52,946,208.40	54,416,601.72	49,881,326.33
Special District Taxes	3,826,897.00	3,712,211.00	1,749,383.50	3,853,325.50	3,654,205.00	3,812,913.50
Local District School Tax	88,111,309.00	86,925,434.00	43,291,569.50	85,994,209.00	85,772,775.00	84,161,790.00
County Tax	25,481,209.70	23,505,468.91	12,506,340.28	23,620,533.57	22,222,364.93	19,602,493.34
County Share of Added and Omitted Taxes	48,176.39	67,177.05	74,394.64	139,361.21	418,688.86	300,811.44
Open Space Trust		678,630.00	341,092.86	678,635.55	670,993.17	666,258.41
Miscellaneous Charges	141,687.84	144,427.91	9,747.22	109,565.84	2,692.36	65,774.00
Total Expenditures	<u>171,362,456.73</u>	<u>170,658,199.80</u>	<u>84,573,323.22</u>	<u>167,341,839.07</u>	<u>167,158,321.04</u>	<u>158,491,367.02</u>
Excess in Revenue	6,049,494.58	5,547,783.37	4,901,454.03	4,426,691.64	7,652,565.10	7,900,647.77
Adjustments To Income Before Surplus:						
Expenditures Included Above Which Are By Statute Deferred Charges To Succeeding Years	<u>178,000.00</u>	<u>232,868.28</u>		<u>335,000.00</u>	<u>38,225.00</u>	<u>211,000.00</u>
Statutory Excess in Revenue	6,227,494.58	5,780,651.65	4,901,454.03	4,761,691.64	7,690,790.10	8,111,647.77
Fund Balance, Beginning of Year	<u>6,662,330.87</u>	<u>10,965,284.22</u>	<u>6,335,081.19</u>	<u>9,373,389.55</u>	<u>9,769,599.45</u>	<u>9,532,951.68</u>
	12,889,825.45	16,745,935.87	11,236,535.22	14,135,081.19	17,460,389.55	17,644,599.45
Decreased By:						
Utilization as Anticipated Revenue	<u>5,780,651.00</u>	<u>10,083,605.00</u>	<u>271,251.00</u>	<u>7,800,000.00</u>	<u>8,087,000.00</u>	<u>7,875,000.00</u>
Fund Balance, End of Year	<u>\$ 7,109,174.45</u>	<u>\$ 6,662,330.87</u>	<u>\$ 10,965,284.22</u>	<u>\$ 6,335,081.19</u>	<u>\$ 9,373,389.55</u>	<u>\$ 9,769,599.45</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

TRUST FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Assets</u>	<u>2011</u>	Calendar Year <u>2010</u>	Six Months Ended <u>12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
Animal Control Fund:						
Cash and Cash Equivalents			\$ 821.68		\$ 10,903.86	\$ 22,699.53
Deficit in Expenditures	\$ 39,273.94	\$ 42,605.64		\$ 1,634.55		
Total Animal Control Fund	<u>39,273.94</u>	<u>42,605.64</u>	<u>821.68</u>	<u>1,634.55</u>	<u>10,903.86</u>	<u>22,699.53</u>
Unemployment Insurance:						
Cash	<u>12,203.28</u>	<u>71,697.37</u>	<u>67,829.40</u>	<u>68,207.09</u>	<u>66,566.71</u>	<u>58,579.59</u>
Total Unemployment Insurance	<u>12,203.28</u>	<u>71,697.37</u>	<u>67,829.40</u>	<u>68,207.09</u>	<u>66,566.71</u>	<u>58,579.59</u>
Confiscated Funds:						
Cash and Cash Equivalents	<u>107,708.05</u>	<u>105,349.21</u>	<u>95,218.77</u>	<u>86,881.12</u>	<u>64,999.29</u>	<u>116,217.22</u>
Total Confiscated Funds	<u>107,708.05</u>	<u>105,349.21</u>	<u>95,218.77</u>	<u>86,881.12</u>	<u>64,999.29</u>	<u>116,217.22</u>
Woodhaven Special Escrow:						
Cash and Cash Equivalents	<u>791,939.86</u>	<u>784,441.24</u>	<u>774,706.06</u>	<u>769,066.30</u>	<u>1,342,600.53</u>	<u>1,314,845.78</u>
Total Woodhaven Special Escrow	<u>791,939.86</u>	<u>784,441.24</u>	<u>774,706.06</u>	<u>769,066.30</u>	<u>1,342,600.53</u>	<u>1,314,845.78</u>
Open Space Trust:						
Cash and Cash Equivalents	<u>2,189,971.00</u>	<u>4,931,654.70</u>	<u>4,569,148.41</u>	<u>4,455,597.81</u>	<u>3,946,874.74</u>	<u>3,396,663.70</u>
Total Open Space Trust	<u>2,189,971.00</u>	<u>4,931,654.70</u>	<u>4,569,148.41</u>	<u>4,455,597.81</u>	<u>3,946,874.74</u>	<u>3,396,663.70</u>
Community Development Block Grant:						
Cash and Cash Equivalents	56,217.68	61,090.18	118,794.44	133,944.68	86,659.01	142,568.30
Due from Housing and Urban Development	608,465.81	597,710.85	679,725.16	403,841.06	414,139.52	416,206.79
Program Income						2,686.60
Total Community Dev. Block Grant	<u>664,683.49</u>	<u>658,801.03</u>	<u>798,519.60</u>	<u>537,785.74</u>	<u>500,798.53</u>	<u>561,461.69</u>
Trust - Other Fund:						
Cash and Cash Equivalents	13,321,609.98	14,566,025.08	14,819,076.30	19,174,657.61	19,949,461.51	19,278,523.76
Due from Current Fund	50,000.00					
Deficit - Public Defender			640.72	339.01	984.84	1,075.42
Amounts Held by Plan Administrator Unaudited	<u>379,732.39</u>	<u>382,941.71</u>	<u>258,100.06</u>	<u>229,528.19</u>	<u>282,289.79</u>	<u>311,945.80</u>
Total Trust - Other Fund	<u>13,751,342.37</u>	<u>14,948,966.79</u>	<u>15,077,817.08</u>	<u>19,404,524.81</u>	<u>20,232,736.14</u>	<u>19,591,544.98</u>
Total Assets	<u>\$ 17,557,121.99</u>	<u>\$ 21,543,515.98</u>	<u>\$ 21,384,061.00</u>	<u>\$ 25,323,697.42</u>	<u>\$ 26,165,479.80</u>	<u>\$ 25,062,012.49</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

TRUST FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Liabilities and Reserves</u>	<u>2011</u>	<u>Calendar Year 2010</u>	<u>Six Months Ended 12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
Animal Control Fund:						
Reserve for Expenditures	\$	\$	\$ 821.68		\$ 10,533.06	\$ 12,967.08
Reserve for Encumbrances						9,732.45
Due to Current Fund	39,268.14	42,308.64		\$ 1,174.35		
Other Liabilities	<u>5.80</u>	<u>297.00</u>		<u>460.20</u>	<u>370.80</u>	
Total Animal Control Fund	<u>39,273.94</u>	<u>42,605.64</u>	<u>821.68</u>	<u>1,634.55</u>	<u>10,903.86</u>	<u>22,699.53</u>
Unemployment Insurance:						
Reserve for Unemployment Insurance Benefits	<u>12,203.28</u>	<u>71,697.37</u>	<u>67,829.40</u>	<u>68,207.09</u>	<u>66,566.71</u>	<u>58,579.59</u>
Total Unemployment Insurance	<u>12,203.28</u>	<u>71,697.37</u>	<u>67,829.40</u>	<u>68,207.09</u>	<u>66,566.71</u>	<u>58,579.59</u>
Confiscated Funds:						
Reserve for Confiscated Funds	107,708.05	105,349.21	95,218.77	86,881.12	64,999.29	79,288.11
Reserve for Encumbrances						36,929.11
Total Confiscated Funds	<u>107,708.05</u>	<u>105,349.21</u>	<u>95,218.77</u>	<u>86,881.12</u>	<u>64,999.29</u>	<u>116,217.22</u>
Woodhaven Special Escrow:						
Reserve for Woodhaven Special Escrow	<u>791,939.86</u>	<u>784,441.24</u>	<u>774,706.06</u>	<u>769,066.30</u>	<u>1,342,600.53</u>	<u>1,314,845.78</u>
Total Woodhaven Special Escrow	<u>791,939.86</u>	<u>784,441.24</u>	<u>774,706.06</u>	<u>769,066.30</u>	<u>1,342,600.53</u>	<u>1,314,845.78</u>
Open Space Trust:						
Reserve for Open Space	<u>2,189,971.00</u>	<u>4,931,654.70</u>	<u>4,569,148.41</u>	<u>4,455,597.81</u>	<u>3,946,874.74</u>	<u>3,396,663.70</u>
Total Open Space Trust	<u>2,189,971.00</u>	<u>4,931,654.70</u>	<u>4,569,148.41</u>	<u>4,455,597.81</u>	<u>3,946,874.74</u>	<u>3,396,663.70</u>
Community Development Block Grant:						
Reserve for Encumbrances						101,769.86
Reserve for Community Development Block Grant	<u>664,683.49</u>	<u>658,801.03</u>	<u>798,519.60</u>	<u>537,785.74</u>	<u>500,798.53</u>	<u>459,691.83</u>
Total Community Dev. Block Grant	<u>664,683.49</u>	<u>658,801.03</u>	<u>798,519.60</u>	<u>537,785.74</u>	<u>500,798.53</u>	<u>561,461.69</u>
Trust - Other Fund:						
Various Reserves	13,194,005.27	14,508,504.73	14,617,957.63	19,099,402.41	19,811,198.79	19,203,471.77
Due to Current Fund	75,978.16	55,595.19	56,298.43	56,923.64	55,079.50	500.00
Payroll Deduction Payable	101,626.55	1,925.14	145,460.96	18,670.57	84,168.06	75,627.41
Reserve for LOSAP Funds Unaudited	<u>379,732.39</u>	<u>382,941.71</u>	<u>258,100.06</u>	<u>229,528.19</u>	<u>282,289.79</u>	<u>311,945.80</u>
Total Trust - Other Fund	<u>13,751,342.37</u>	<u>14,948,966.77</u>	<u>15,077,817.08</u>	<u>19,404,524.81</u>	<u>20,232,736.14</u>	<u>19,591,544.98</u>
Total Liabilities and Reserves	<u>\$ 17,557,121.99</u>	<u>\$ 21,543,515.96</u>	<u>\$ 21,384,061.00</u>	<u>\$ 25,323,697.42</u>	<u>\$ 26,165,479.80</u>	<u>\$ 25,062,012.49</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

GENERAL CAPITAL FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

	<u>2011</u>	Calendar Year <u>2010</u>	Six Months Ended <u>12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
<u>Assets</u>						
Cash and Cash Equivalents	\$ 5,869,626.09	\$ 6,100,562.64	\$ 6,130,183.55	\$ 3,993,462.57	\$ 6,172,606.98	\$ 4,890,661.24
State Grants Receivable	1,600,000.00	1,600,000.00	52,800.00	52,800.00	211,200.00	241,000.00
Due from County of Middlesex		500,000.00				
Due from Grant Fund					100,000.00	100,000.00
Deferred Charges to Future Taxation:						
Funded	31,175,195.46	36,047,435.80	40,705,855.51	44,170,667.04	28,684,951.55	33,423,288.47
Unfunded	21,736,021.62	24,886,021.62	17,332,213.62	14,786,930.46	30,056,790.19	25,699,190.57
Total Assets	<u>\$ 60,380,843.17</u>	<u>\$ 69,134,020.06</u>	<u>\$ 64,221,052.68</u>	<u>\$ 63,003,860.07</u>	<u>\$ 65,225,548.72</u>	<u>\$ 64,354,140.28</u>
<u>Liabilities, Reserves and Fund Balance</u>						
Serial Bonds Payable	\$ 23,945,350.00	\$ 28,105,300.00	\$ 32,064,600.00	\$ 34,997,000.00	\$ 19,332,000.00	\$ 23,482,000.00
Bond Anticipation Notes	10,228,000.00	7,538,000.00	6,048,000.00	1,880,000.00	18,717,372.00	12,908,164.00
NJEDA Loan Payable	27,000.00	36,000.00	45,000.00	54,000.00	63,000.00	72,000.00
Green Trust Loan Payable	975,134.88	1,148,699.56	1,318,844.33	1,402,655.36	1,567,796.01	1,729,682.93
Infrastructure Loan Payable	6,054,844.39	6,501,270.29	6,940,899.89	7,302,551.97	7,722,155.54	8,139,605.54
M.C.I.A. Loan Payable	172,866.19	256,165.95	336,511.29	414,459.71		
Encumbrances Payable	1,518,715.82	934,732.74	959,844.73	2,384,877.48	2,280,818.56	4,599,026.75
Reserve for Highpointe	60,000.00	60,000.00		60,000.00	60,000.00	60,000.00
Reserve for Library Roof Repair				96,786.04	96,786.04	96,786.04
Reserve for State Grants Receivable	1,600,000.00	1,600,000.00				241,000.00
Other Reserves	93,066.50	31,653.06	115,238.72	691.21	385,440.49	666.55
Capital Improvement Fund	1,440.00	1,440.00	96,882.00	91,882.00	141,882.00	201,100.00
Improvement Authorizations:						
Funded	4,161,559.86	4,774,738.53	4,203,584.09	4,406,043.67	2,203,832.99	2,429,640.31
Unfunded	11,522,838.96	18,065,993.36	11,629,148.12	9,152,696.14	12,155,415.32	10,116,723.20
Fund Balance	20,026.57	80,026.57	462,499.51	760,216.49	499,049.77	277,744.96
Total Liabilities, Reserves and Fund Balance	<u>\$ 60,380,843.17</u>	<u>\$ 69,134,020.06</u>	<u>\$ 64,221,052.68</u>	<u>\$ 63,003,860.07</u>	<u>\$ 65,225,548.72</u>	<u>\$ 64,354,140.28</u>
Memo: Bonds and Notes						
Authorized but not Issued	\$ 11,508,021.62	\$ 17,348,021.62	\$ 11,284,213.62	\$ 12,906,930.46	\$ 11,515,577.89	\$ 12,816,220.02

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

ARENA AND RECREATION UTILITY FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Assets</u>	<u>2011</u>	<u>Calendar Year 2010</u>	<u>Six Months Ended 12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
Operating Fund:						
Cash and Cash Equivalents	\$ 95,121.54	\$ 53,179.57	\$ 40,946.34	\$ 14,081.12	\$ 78,539.15	\$ 110,908.59
Cash - Change Fund	500.00	500.00	500.00	500.00	500.00	300.00
Operating Deficit	19,138.55	13,862.04			430.96	
Due from Arena and Recreation Utility Capital Fund						701.41
Total Operating Fund	<u>114,760.09</u>	<u>67,541.61</u>	<u>41,446.34</u>	<u>14,581.12</u>	<u>79,470.11</u>	<u>111,910.00</u>
Capital Fund:						
Cash and Cash Equivalents	257,576.42	312,576.42	307,576.42	305,076.42	134,906.16	206,329.31
Fixed Capital	2,149,805.94	2,149,805.94	2,133,668.49	2,133,668.49	2,130,031.04	2,055,031.04
Fixed Capital Authorized and Uncompleted	<u>185,000.00</u>	<u>185,000.00</u>	<u>244,862.50</u>	<u>244,862.50</u>	<u>254,520.76</u>	<u>233,020.76</u>
Total Capital Fund	<u>2,592,382.36</u>	<u>2,647,382.36</u>	<u>2,686,107.41</u>	<u>2,683,607.41</u>	<u>2,519,457.96</u>	<u>2,494,381.11</u>
Total Assets	<u>\$ 2,707,142.45</u>	<u>\$ 2,714,923.97</u>	<u>\$ 2,727,553.75</u>	<u>\$ 2,698,188.53</u>	<u>\$ 2,598,928.07</u>	<u>\$ 2,606,291.11</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

ARENA AND RECREATION UTILITY FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Liabilities, Reserves and Fund Balance</u>	<u>2011</u>	<u>Calendar Year 2010</u>	<u>Six Months Ended 12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
Operating Fund:						
Appropriation Reserves	\$ 64,903.94	\$ 45,143.08	\$ 14,588.48	\$ 2,802.86	\$ 1,471.60	\$ 42,754.76
Reserve for Encumbrances	41,830.07	12,792.99	15,909.61	612.13	343.54	20,016.81
Sales Tax Payable	20.66	41.62	33.01			44.84
Accrued Interest on Bonds and Notes	7,398.83	8,957.33	10,308.65	10,559.50	10,888.00	12,776.00
Due to Current Fund				0.04	42,160.38	
Fund Balance	<u>606.59</u>	<u>606.59</u>	<u>606.59</u>	<u>606.59</u>	<u>24,606.59</u>	<u>36,317.59</u>
Total Operating Fund	<u>114,760.09</u>	<u>67,541.61</u>	<u>41,446.34</u>	<u>14,581.12</u>	<u>79,470.11</u>	<u>111,910.00</u>
Capital Fund:						
General Serial Bonds	539,650.00	729,700.00	910,400.00	975,000.00	600,000.00	750,000.00
Bond Anticipation Notes					350,000.00	350,000.00
Due to Arena and Recreation						701.41
Utility Operating Fund						41,299.29
Capital Improvement Fund	63,799.29	58,799.29	53,799.29	51,299.29	46,299.29	41,299.29
Improvement Authorizations:						
Funded	180,723.42	180,723.42	5,723.42	5,723.42	9,000.00	9,000.00
Unfunded	1,000.00	1,000.00	219,725.05	219,725.05	232,299.02	233,020.76
Reserve for Amortization	1,785,155.94	1,595,105.94	1,458,130.99	1,393,530.99	1,249,551.80	1,007,051.80
Deferred Reserve for Amortization	9,000.00	9,000.00	9,000.00	9,000.00	9,000.00	5,000.00
Fund Balance	<u>13,053.71</u>	<u>73,053.71</u>	<u>29,328.66</u>	<u>29,328.66</u>	<u>23,307.85</u>	<u>98,307.85</u>
Total Capital Fund	<u>2,592,382.36</u>	<u>2,647,382.36</u>	<u>2,686,107.41</u>	<u>2,683,607.41</u>	<u>2,519,457.96</u>	<u>2,494,381.11</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 2,707,142.45</u>	<u>\$ 2,714,923.97</u>	<u>\$ 2,727,553.75</u>	<u>\$ 2,698,188.53</u>	<u>\$ 2,598,928.07</u>	<u>\$ 2,606,291.11</u>
Memo: Bonds and Notes						
Authorized but not issued	<u>\$ 1,000.00</u>	<u>\$ 1,000.00</u>	<u>\$ 1,000.00</u>	<u>\$ 1,000.00</u>	<u>\$ 176,000.00</u>	<u>\$ 176,000.00</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

ARENA AND RECREATION UTILITY OPERATING FUND

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

	<u>2011</u>	<u>Calendar Year 2010</u>	<u>Six Months Ended 12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
Revenue and Other Income Realized:						
Surplus Anticipated	\$ 60,000.00			\$ 24,000.00	\$ 11,711.00	
Arena Fees	575,346.64	\$ 566,752.11	\$ 301,772.24	589,181.07	559,828.38	\$ 580,569.89
Capital Surplus					75,000.00	
Deficit (General Budget)	111,973.00	121,807.00	27,397.85	65,295.62	10,000.00	120,765.00
Appropriation Reserves Lapsed						27,336.28
Miscellaneous Revenue Not Anticipated	3,513.35	4,385.41	2,598.59	8,729.31	9,740.66	17,184.42
<u>Total Revenues</u>	<u>750,832.99</u>	<u>692,944.52</u>	<u>331,768.68</u>	<u>687,206.00</u>	<u>666,280.04</u>	<u>745,855.59</u>
Expenditures:						
Operating	516,481.00	470,112.00	243,462.00	468,525.00	448,224.00	485,183.00
Capital Improvements	5,000.00	5,000.00	2,500.00	5,000.00	5,000.00	5,000.00
Deferred & Statutory Expenditures	33,862.04	20,000.00	10,000.00	17,181.00	16,000.00	28,000.00
Debt Service	214,628.50	211,694.56	75,806.68	196,500.00	197,487.00	199,582.00
<u>Total Expenditures</u>	<u>769,971.54</u>	<u>706,806.56</u>	<u>331,768.68</u>	<u>687,206.00</u>	<u>666,711.00</u>	<u>717,765.00</u>
Excess/(Deficit) in Revenues	(19,138.55)	(13,862.04)			(430.96)	28,090.59
Add: Expenditures Included Above Which are by Statute Deferred Charges to Succeeding Years	<u>19,138.55</u>	<u>13,862.04</u>			<u>430.96</u>	
Statutory Excess to Fund Balance						28,090.59
Fund Balance, Beginning of Year	<u>606.59</u>	<u>606.59</u>	<u>606.59</u>	<u>24,606.59</u>	<u>36,317.59</u>	<u>8,227.00</u>
	606.59	606.59	606.59	24,606.59	36,317.59	36,317.59
Decreased By:						
Fund Balance Utilized				<u>24,000.00</u>	<u>11,711.00</u>	
Fund Balance, End of Year	<u>\$ 606.59</u>	<u>\$ 606.59</u>	<u>\$ 606.59</u>	<u>\$ 606.59</u>	<u>\$ 24,606.59</u>	<u>\$ 36,317.59</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

PARKING UTILITY FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Assets</u>	<u>2011</u>	Calendar Year <u>2010</u>	Six Months Ended <u>12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
Operating Fund:						
Cash and Cash Equivalents	\$ 146,105.73	\$ 227,917.40	\$ 389,680.19	\$ 387,927.13	\$ 355,627.00	\$ 267,476.15
Interfund Loans						103.10
Total Operating Fund	<u>146,105.73</u>	<u>227,917.40</u>	<u>389,680.19</u>	<u>387,927.13</u>	<u>355,627.00</u>	<u>267,579.25</u>
Capital Fund:						
Cash and Cash Equivalents	294,395.83	214,395.83	134,395.83	94,395.83	44,395.83	39,498.93
Fixed Capital	<u>750,000.00</u>	<u>750,000.00</u>	<u>750,000.00</u>	<u>750,000.00</u>	<u>750,000.00</u>	<u>750,000.00</u>
Total Capital Fund	<u>1,044,395.83</u>	<u>964,395.83</u>	<u>884,395.83</u>	<u>844,395.83</u>	<u>794,395.83</u>	<u>789,498.93</u>
Total Assets	<u>\$ 1,190,501.56</u>	<u>\$ 1,192,313.23</u>	<u>\$ 1,274,076.02</u>	<u>\$ 1,232,322.96</u>	<u>\$ 1,150,022.83</u>	<u>\$ 1,057,078.18</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

PARKING UTILITY FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

	<u>2011</u>	Calendar Year <u>2010</u>	Six Months Ended <u>12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
<u>Liabilities and Reserves</u>						
Operating Fund:						
Appropriation Reserves	\$ 44,140.86	\$ 35,260.78	\$ 20,268.85	\$ 55,060.61	\$ 59,180.03	\$ 77,610.51
Accounts Payable			1,000.00		462.19	
Reserve for Encumbrances	3,391.19	8,339.42	5,873.04	25,668.91	10,732.91	15,559.07
Due to OB Board of Education	426.10	595.10	832.01	1,263.35	2,934.40	1,198.15
Fund Balance	<u>98,147.58</u>	<u>183,722.10</u>	<u>361,706.29</u>	<u>305,934.26</u>	<u>282,317.47</u>	<u>173,211.52</u>
Total Operating Fund	<u>146,105.73</u>	<u>227,917.40</u>	<u>389,680.19</u>	<u>387,927.13</u>	<u>355,627.00</u>	<u>267,579.25</u>
Capital Fund:						
Encumbrances Payable	6,883.75	6,883.75	6,883.75			
Interfund Loans						103.10
Reserve for Encumbrances				6,883.75	6,883.75	6,883.75
Capital Improvement Fund	270,000.00	190,000.00	110,000.00	70,000.00	20,000.00	15,000.00
Reserve for Amortization	750,000.00	750,000.00	750,000.00	750,000.00	750,000.00	750,000.00
Improvement Authorizations	<u>17,512.08</u>	<u>17,512.08</u>	<u>17,512.08</u>	<u>17,512.08</u>	<u>17,512.08</u>	<u>17,512.08</u>
Total Capital Fund	<u>1,044,395.83</u>	<u>964,395.83</u>	<u>884,395.83</u>	<u>844,395.83</u>	<u>794,395.83</u>	<u>789,498.93</u>
Total Liabilities and Reserves	<u>\$ 1,190,501.56</u>	<u>\$ 1,192,313.23</u>	<u>\$ 1,274,076.02</u>	<u>\$ 1,232,322.96</u>	<u>\$ 1,150,022.83</u>	<u>\$ 1,057,078.18</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

PARKING UTILITY FUND

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

	<u>2011</u>	Calendar Year <u>2010</u>	Six Months Ended <u>12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
Revenue and Other Income Realized:						
Surplus Anticipated	\$ 166,243.00	\$ 231,565.00	\$ 21,328.00	\$ 115,484.00	\$ 20,740.00	\$ 19,000.00
Parking Permits	51,785.00	51,650.00	48,025.00	59,330.00	60,255.00	60,410.00
Parking Meter Fees	159,691.12	155,850.39	77,903.41	160,686.16	160,449.75	156,874.20
Lapse of Appropriation Reserves	40,745.96	15,850.50	59,625.12	56,812.50	77,187.57	8,733.00
Accounts Payable Cancelled				462.19		
Miscellaneous Revenue Not Anticipated	<u>3,446.40</u>	<u>5,229.92</u>	<u>3,514.50</u>	<u>16,809.94</u>	<u>21,953.63</u>	<u>26,873.94</u>
Total Revenues	<u>421,911.48</u>	<u>460,145.81</u>	<u>210,396.03</u>	<u>409,584.79</u>	<u>340,585.95</u>	<u>271,891.14</u>
Expenditures:						
Operating	98,743.00	174,065.00	87,046.00	177,984.00	163,240.00	160,676.00
Capital Improvements	80,000.00	80,000.00	40,000.00	80,000.00	35,000.00	35,000.00
Social Security	12,500.00	12,500.00	6,250.00	12,500.00	12,500.00	12,000.00
Surplus (General Budget)	<u>150,000.00</u>	<u>140,000.00</u>	<u></u>	<u></u>	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>341,243.00</u>	<u>406,565.00</u>	<u>133,296.00</u>	<u>270,484.00</u>	<u>210,740.00</u>	<u>207,676.00</u>
Excess Revenue	80,668.48	53,580.81	77,100.03	139,100.79	129,845.95	64,215.14
Fund Balance, Beginning of Year	<u>183,722.10</u>	<u>361,706.29</u>	<u>305,934.26</u>	<u>282,317.47</u>	<u>173,211.52</u>	<u>127,996.38</u>
Decreased By:	264,390.58	415,287.10	383,034.29	421,418.26	303,057.47	192,211.52
Fund Balance Utilized	<u>166,243.00</u>	<u>231,565.00</u>	<u>21,328.00</u>	<u>115,484.00</u>	<u>20,740.00</u>	<u>19,000.00</u>
Fund Balance, End of Year	<u>\$ 98,147.58</u>	<u>\$ 183,722.10</u>	<u>\$ 361,706.29</u>	<u>\$ 305,934.26</u>	<u>\$ 282,317.47</u>	<u>\$ 173,211.52</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

SOLID WASTE UTILITY FUND

CONDENSED COMPARATIVE BALANCE SHEET - REGULATORY ACCOUNTING BASIS

<u>Assets</u>	<u>2011</u>	Calendar Year <u>2010</u>	Six Months Ended <u>12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
Operating Fund:						
Cash and Cash Equivalents	\$ 1,913.39	\$ 1,664.37	\$ 3,421.38	\$ 3,076.15	\$ 9,726.68	\$ 7,234.91
User Fees Receivable	<u>6,043.83</u>	<u>6,139.40</u>	<u>6,837.22</u>	<u>6,980.00</u>	<u>7,989.38</u>	<u>12,190.95</u>
Total Operating Fund	<u>7,957.22</u>	<u>7,803.77</u>	<u>10,258.60</u>	<u>10,056.15</u>	<u>17,716.06</u>	<u>19,425.86</u>
Total Assets	<u>\$ 7,957.22</u>	<u>\$ 7,803.77</u>	<u>\$ 10,258.60</u>	<u>\$ 10,056.15</u>	<u>\$ 17,716.06</u>	<u>\$ 19,425.86</u>
 <u>Liabilities and Reserves</u>						
Operating Fund:						
Reserve for Receivable	\$ 6,043.83	\$ 6,139.40	\$ 6,837.22	\$ 6,980.00	\$ 7,989.38	\$ 12,190.95
Fund Balance	<u>1,913.39</u>	<u>1,664.37</u>	<u>3,421.38</u>	<u>3,076.15</u>	<u>9,726.68</u>	<u>7,234.91</u>
Total Operating Fund	<u>7,957.22</u>	<u>7,803.77</u>	<u>10,258.60</u>	<u>10,056.15</u>	<u>17,716.06</u>	<u>19,425.86</u>
Total Liabilities and Reserves	<u>\$ 7,957.22</u>	<u>\$ 7,803.77</u>	<u>\$ 10,258.60</u>	<u>\$ 10,056.15</u>	<u>\$ 17,716.06</u>	<u>\$ 19,425.86</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

SOLID WASTE UTILITY FUND

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

	<u>2011</u>	<u>Calendar Year 2010</u>	<u>Six Months Ended 12/31/09</u>	<u>SFY 2009</u>	<u>SFY 2008</u>	<u>SFY 2007</u>
Revenue and Other Income Realized:						
User Fees		\$ 697.82	\$ 142.78	\$ 1,009.38	\$ 1,209.47	\$ 479.24
Miscellaneous Revenue Not Anticipated	\$ 249.02	945.17	202.45	1,340.09	1,282.30	6652.16
Total Revenues	<u>249.02</u>	<u>1,642.99</u>	<u>345.23</u>	<u>2,349.47</u>	<u>2,491.77</u>	<u>7,131.40</u>
Excess Revenue	249.02	1,642.99	345.23	2,349.47	2,491.77	7,131.40
Fund Balance, Beginning of Year	<u>1664.37</u>	<u>3,421.38</u>	<u>3,076.15</u>	<u>9,726.68</u>	<u>7,234.91</u>	<u>2,603.51</u>
	1,913.39	5,064.37	3,421.38	12,076.15	9,726.68	9,734.91
Decreased By:						
Fund Balance Utilized - Current Fund		<u>3,400.00</u>		<u>9,000.00</u>		<u>2,500.00</u>
Fund Balance, End of Year	<u>\$ 1,913.39</u>	<u>\$ 1,664.37</u>	<u>\$ 3,421.38</u>	<u>\$ 3,076.15</u>	<u>\$ 9,726.68</u>	<u>\$ 7,234.91</u>

See accompanying notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

The Township of Old Bridge, County of Middlesex, New Jersey ("Township") is managed under the Mayor-Council form of government authorized under Plan E of the "Faulkner Act of 1950." The financial statements of the Township include every board, body, officer or commission maintained wholly or in part by funds appropriated by the Township, as required by the provision of N.J.S. 40A:5-5. The financial statements, however, do not include the operations of the Old Bridge Board of Education, Old Bridge Free Public Library, Old Bridge Municipal Utilities Authority, Old Bridge Redevelopment Agency, and Old Bridge Housing Authority, which are subject to separate audit and are considered component units under GAAP. Included within the financial statements are taxes levied, collected and turned over to the School Board, County of Middlesex and Fire Districts. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Funds

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB Codification establishes three fund types to be used by general purpose governmental units when reporting financial position and results of operations in accordance with GAAP.

The accounting policies of the Township conform to the accounting principles and practices applicable to municipalities prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The accompanying financial statements are presented in the format prescribed by the State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and are a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through the following separate funds:

Current Fund - is used to account for all revenues and expenditures applicable to the general operations of Township departments.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

B. Description of Funds (continued)

General Trust Funds - are used to account for assets held by the Township in a trustee capacity or as an agent for individuals and other governmental agencies. Funds held by the Township which have restrictions placed on the use of such funds are recorded in the Trust Fund.

General Capital Fund - is used to account for financial resources to be used for the acquisition of general capital facilities. The major resources are derived from the sale of serial bonds and bond anticipation notes.

Utility Operating and Capital Funds - accounts for the operations and acquisition of capital facilities of the municipal owned Solid Waste, Arena and Recreation, and Parking Utilities.

General Fixed Assets Account Group - The Township has complied with Technical Accounting Directive No. 85-2 issued by the Division of Local Government Services. Technical Accounting Directive No. 85-2 utilizes the following accounting policies:

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available, except for land which is valued at estimated market value.

No depreciation is provided for in the financial statements.

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

Fixed assets acquired through grants in aid or contributed capital, are not accounted for separately.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services differ in certain respects from GAAP applicable to local government units. The more significant differences follow.

A modified accrual basis of accounting is followed by the Township. Modifications from the accrual basis follow:

Revenues

Revenues are recorded as received in cash except for statutory reimbursements and grant funds, which are due from other governmental units. State and federal grants for operating purposes are realized as revenues when anticipated in the Township budget. Receivables for property taxes are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Township which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable.

Expenditures

- (a) Disbursements for Current Fund inventory-type items are considered expenditures at the time of purchase;
- (b) Prepaid expenses are not recorded;
- (c) Interest on long-term debt included in the General Capital Fund is recorded as an expenditure when paid;
- (d) The encumbrance method of accounting, which records commitments such as purchase orders and contracts as a charge against the current year's budget in addition to expenditures made or accrued, is utilized. The cash basis of accounting, however, is followed for recording the Township's share of contributions for fringe benefits, such as retirement plans, accrued sick leave and vacation leave.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Appropriation reserves are recorded at December 31 for unexpended appropriation balances except for amounts which, according to state statutes, may be cancelled by the governing body. The appropriation reserves are available to satisfy specific claims, commitments or contracts incurred during the preceding fiscal year. At the end of the succeeding fiscal year, the remaining unexpended balances lapse to fund balance through other credits to revenue.

Had the Township's financial statements been prepared under generally accepted accounting principles, the encumbrance method of accounting would be followed for expenditures presently reflected on a paid or charged basis, appropriation reserves would not be recorded, revenues susceptible to accrual would have been reflected without offsetting reserves and inventories would not be reflected as expenditures at the time of purchase.

Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

D. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services in accordance with N.J.S.A. 40A:4 et seq.

E. Grants

Current Fund - State and federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs.

Trust Fund - State and federal grants and assistance awards are dedicated by rider in the Trust Fund. A receivable and corresponding spending reserve are recorded when the grant is awarded.

Capital Fund - State and federal grants and assistance awards are recorded as a funding source for improvement authorizations or are established as receivables with an offsetting reserve.

Utility Operating Fund - State and federal grants and assistance awards which supports the operations for which each utility was created.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

F. Assessment and Collection of Property Taxes

New Jersey statutes require that taxable valuation of real property be prepared by the local unit tax assessor as of October 1 in each year and filed with the County Board of Taxation by January 10 of the following year. Upon the filing of certified adopted budgets by the Local Unit, Local School District, County and Special Districts, the tax rate is struck by the County Tax Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Local Unit Tax Collector on or before May 13. New Jersey statutes require that each local unit provide for sufficient anticipated cash receipts equal to the "lawful yearly expenditure" which includes the total amount of property taxes to be raised by the local unit.

Taxes are levied on an annual basis and are due quarterly on February 1, May 1, August 1, and November 1. Any taxes not paid as of December 31 are subject to tax sale and lien in the subsequent year, with the exception of bankruptcies. The date of tax sale is at the discretion of the tax collector.

G. Foreclosed Property

Real property acquired for taxes is recorded in the Current Fund at assessed valuation when such property is acquired and is fully reserved.

H. Interfund Receivables

Interfund receivables created by cash transfers from the Current Fund are recorded with offsetting reserves created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in other funds are not offset by reserves.

I. Deferred Charges to Future Taxation Funded and Unfunded

Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the Current Fund budget. As funds are raised, the deferred charges are reduced.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

J. Pension Plans

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

Covered employees are required by State statute to contribute a certain percentage of their salary to the plan. Each member's percentage is based on age determined at the effective date of enrollment. In addition, PERS and PFRS bill the Township annually at an actuarially determinable rate for its required contribution.

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2011	\$ 1,372,081.00	\$ 2,859,258.00
2010	1,124,393.00	2,410,160.00
2009	966,073.00	2,346,309.00

Under the provisions of Chapter 78, P.L. 2011, employee pension contribution rates increased during 2011 by the following amounts:

- For PERS members, the employee pension contribution rate increased from 5.5% to 6.5% of salary. An additional increase to be phased over the next 7 years will bring the total pension contribution rate to 7.5% of salary.

For PERS Prosecutors Part members, the employee pension contribution rate increased from 8.5% to 10% of salary.

- For PFRS members, the employee pension contribution rate increased from 8.5% to 10% of salary.

For local government employees and State employees who are not paid through the State Centralized Payroll Unit or not reported on a biweekly payroll schedule, the increase was effective with the first payroll amount to be paid on or after October 1, 2011.

The second phase of the employee contribution increase from 6.5% to 7.5% applies to PERS members. This increase is to be phased in equally over a 7-year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July until the 7.5% contribution rate is reached in July, 2018.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

K. Volunteer Length of Service Award Plan

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

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 1999.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2000.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

Estimated Cost - The estimated cost of the program to the Township has been calculated to be approximately \$115,000.00 per year. (This amount may vary annually, however, based upon the total number of eligible active volunteer members in the program).

L. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insure deposits, the State of New Jersey Cash Management Fund and government money market mutual funds through registered broker/dealers and banks. The New Jersey Governmental Unit Deposit Protection Act ("GUDPA") requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5 percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)
- L. Deposits and Investments (continued)

Deposits (continued)

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature within one year. Collateralization of Fund investments is generally not required.

Investments

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

- (a) Bonds or other obligations of the United States or obligations guaranteed by the United States.
- (b) Government Money Market Mutual Funds.
- (c) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an Act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (d) Bonds or other obligations of the Township, or bonds or other obligations of school districts of which the Township is a part or within which the school district is located.
- (e) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (f) Local Government Investment Pools.
- (g) Deposits with the State of New Jersey Cash Management Fund established pursuant to Section 1 of P.L. 1977, C. 281 (C.52:18A:90.4).

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

Repurchase agreements (15.1(a)(8)) must comply with the following conditions:

- (a) The underlying securities are permitted investments, pursuant to the list contained in (a) and (c) above.
- (b) The custody of the collateral is transferred to a third party. This means the bank must contract with a trusted third party to hold the collateral to ensure it is not pledged against any other investments.
- (c) The maturity of the agreement is not more than 30 days.
- (d) The underlying securities are purchased through a GUDPA bank.
- (e) A master repurchase agreement providing for the custody and security of collateral is executed.

Local Government Investment Pools ("LGIP") (15.1(e)(2)) are subject to the following requirements:

- (a) It is managed in accordance with the SEC's government money market rules (2a-7).
- (b) It is rated in the highest category by a nationally recognized statistical rating organization.
- (c) Have their portfolio limited to U.S. Government securities as defined in 2a-7 and repurchase agreements that are collateralized by such U.S. Government securities.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

L. Deposits and Investments (continued)

Investments (continued)

Every local unit must have a Cash Management Plan ("Plan"); the Plan is subject to audit. In addition, when the Plan permits investments for more than one year, the investment must approximate the prospective use of funds. This primarily relates to U.S. securities and local bond issue purchases. The law also requires that cash management plans provide for the CFO to give the governing body a monthly report that summarizes:

- (a) All investments made or redeemed over the past month.
- (b) Each organization holding local unit funds.
- (c) The amount of securities purchased or sold, class or type of securities purchased, book value, earned income, fees incurred, and market value of all investments as of the report date.
- (d) Other information that may be required by the governing body.

The Township is permitted to invest public funds in accordance with N.J.S.A. 40A:5-15.1. These investments include bonds or other obligations of the United States or obligations guaranteed by the United States, Government Money Market Mutual Funds, bond or other obligations of the Township or bonds or other obligations of the school district, local government investment pools, and agreements for the repurchase of fully-collateralized securities, if purchased in accordance with N.J.S.A. 40A:5-15.1. The Township is also permitted to invest Length of Service Award Program ("LOSAP") funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. These investments include interest-bearing accounts or securities in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

1. Summary of Significant Accounting Policies (continued)

M. Inventories of Supplies

The costs of inventories of supplies for all funds are recorded as expenditures at the time the individual items are purchased. The costs of inventories are not included on the various balance sheets.

N. Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Township presents the financial statements listed in the Table of Contents which are required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the Table of Contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

2. Deposits and Investments

The Township considers petty cash, change funds, cash in banks, certificates of deposit, deposits with the New Jersey Cash Management Fund and MBIA CLASS-New Jersey Fund are considered to be cash and cash equivalents under GAAP.

Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC"), Securities Investor Protection Corporation ("SIPC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). The Township is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. GUDPA requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities, which mature within one year. Collateralization of Fund investments is generally not required. "Other Than State" participants contribute one and one-half percent per year of the value of the aggregate units owned by them to establish a Reserve Fund, which is supplemented by the proportional interest of "Other Than State" participants in gains on investment transactions realized. The Reserve Fund is available to cover losses of "Other Than State" participants occasioned by the bankruptcy of an issuer of an investment held by the Fund and losses on sales of securities.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

2. Deposits and Investments (continued)

Deposits (continued)

The Cooperative Liquid Assets Security System - New Jersey ("CLASS") is a Participant controlled trust created in accordance with Local Fiscal Affairs Law NJSA 40A: 5-1 et seq., and pursuant to NJSA 18A: 20-37 and was established for participating New Jersey governmental units on February 2, 1994 under the Participation Agreement (the "Participation Agreement") upon the merger of CLASS-New Jersey Government and CLASS-New Jersey Schools. CLASS is available for investment by New Jersey municipalities, Counties, governmental authorities ("Primary Account") or school districts ("Sub-Account"). The purpose of CLASS is to enable such entities to cooperate in investment of their available funds.

Bank balances at December 31, 2011 and 2010 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At December 31, 2011 and 2010, the book value of the Township's deposits were \$41,920,644.47 and \$42,237,247.17, respectively.

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Township deposits might not be recovered. Although the Township does not have a formal policy for custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the First \$250,000.00 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At December 31, 2011 and 2010, the Township's bank balances of \$42,039,670.47 and \$42,712,818.78, respectively, were exposed to Custodial Credit Risk as follows:

	<u>2011</u>	<u>2010</u>
Insured:		
FDIC	\$ 977,623.21	\$ 1,226,736.00
NJGUDPA (N.J.S.A. 17:941)	41,002,278.62	41,426,330.54
Uninsured and Uncollateralized	<u>59,768.64</u>	<u>59,751.24</u>
	<u>\$ 42,039,670.47</u>	<u>\$ 42,712,818.78</u>

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

2. Deposits and Investments (continued)

Investments

The Township is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Township or bonds or other obligations of the school districts which are a part of the Township or school districts located within the Township, Local Government investment pools, and agreements for the repurchase of fully-collateralized securities, of transacted in accordance with N.J.S.A. 40A:5-15.1(8a-8e). In addition, the Township is permitted to invest LOSAP funds with the types of eligible investments authorized in N.J.A.C. 5:30-14.19. LOSAP investments include interest-bearing accounts or securities in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for Custodial Risk. As of December 31, 2011 and 2010, \$379,732.39 and \$382,941.71, respectively, of the Township's investments was exposed to Custodial Credit Risk, as follows:

	<u>Fair Value (LOSAP)</u>	<u>Book Value</u>	<u>Total Reported Value</u>
2011:			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Township's name	<u>\$ 379,732.39</u>	<u>\$ 379,732.39</u>	<u>\$ 379,732.39</u>
2010:			
Uninsured and Collateralized:			
Collateral held by pledging financial Institution's Trust Department but not in the Township's name	<u>\$ 382,941.71</u>	<u>\$ 382,941.71</u>	<u>\$ 382,941.71</u>

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

2. Deposits and Investments (continued)

Investments (continued)

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that further limits its investment choices.

The fair values of the above-listed investments were based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Funds are assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

3. Interfund Balances and Activity

Balances due to/from other funds at December 31, 2011 consist of the following:

\$ 39,268.14	Due to Current Fund from Animal Control Trust Fund representing cash advances.
75,978.16	Due to Current Fund from Payroll Dedicated Trust Fund representing cash advances.
50,000.00	Due to Trust Other Fund from Current Fund representing cash advances.
<u> </u>	
<u>\$ 168,246.30</u>	

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

4. Taxes and Utility Rents Receivable

Receivables at December 31, 2011 consisted of the following:

	<u>Current Fund</u>	<u>Solid Waste Utility Fund</u>	<u>Total</u>
Property Taxes	\$ 66,140.79		\$ 66,140.79
Utility Rents	<u> </u>	\$ 6,043.83	<u>6,043.83</u>
	<u>\$ 66,140.79</u>	<u>\$ 6,043.83</u>	<u>\$ 72,184.62</u>

In 2011, the Township collected \$37,640.44 and \$95.57 from delinquent taxes and utility rents, which represented 52.13% and 1.56% of the delinquent tax and utility charges receivable at December 31, 2010.

Receivables at December 31, 2010 consisted of the following:

	<u>Current Fund</u>	<u>Solid Waste Utility Fund</u>	<u>Total</u>
Property Taxes	\$ 72,202.34		\$ 72,202.34
Utility Rents	<u> </u>	\$ 6,139.40	<u>6,139.40</u>
	<u>\$ 72,202.34</u>	<u>\$ 6,139.40</u>	<u>\$ 78,341.74</u>

In 2010, the Township collected \$873,313.03 and \$697.82 from delinquent taxes and utility rents, which represented 98.77% and 10.21% of the delinquent tax and utility charges receivable at December 31, 2009.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

5. Fixed Assets

The following is a summary of changes in the General Fixed Assets Account Group for the years 2011 and 2010.

<u>2011</u>	Balance, December 31, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2011</u>
Land	\$ 54,341,600.00	\$ 2,500.00	\$ 3,776,100.00	\$ 50,568,000.00
Buildings	28,872,900.64			28,872,900.64
Equipment	<u>9,623,381.06</u>	<u>241,331.75</u>	<u>214,047.56</u>	<u>9,650,665.25</u>
Total	<u>\$ 92,837,881.70</u>	<u>\$ 243,831.75</u>	<u>\$ 3,990,147.56</u>	<u>\$ 89,091,565.89</u>

<u>2010</u>	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2010</u>
Land	\$ 55,391,600.00		\$ 1,050,000.00	\$ 54,341,600.00
Buildings	30,203,782.50	\$ 599,118.14	1,930,000.00	28,872,900.64
Equipment	<u>10,001,493.66</u>	<u>293,907.38</u>	<u>672,019.98</u>	<u>9,623,381.06</u>
Total	<u>\$ 95,596,876.16</u>	<u>\$ 893,025.52</u>	<u>\$ 3,652,019.98</u>	<u>\$ 92,837,881.70</u>

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt

Summary of Municipal Debt (Excluding
Current and Operating Debt and Type I School Debt)

<u>Issued</u>	<u>2011</u>	<u>2010</u>	<u>TY-2009</u>
General:			
Bonds, Notes and Loans	\$41,403,195.46	\$43,583,435.80	\$46,753,855.51
Arena & Recreation Utility:			
Bonds ,Notes and Loans	<u>539,650.00</u>	<u>729,700.00</u>	<u>910,400.00</u>
Total Issued	<u>41,942,845.46</u>	<u>44,313,135.80</u>	<u>47,664,225.51</u>
Less:			
Funds Temporarily Held To Pay Bonds and Notes School Threshold	\$1,000,000.00	\$	\$
Total Deductions	<u>\$1,000,000.00</u>	_____	_____
Net Debt Issued	<u>40,942,845.46</u>	_____	_____
 <u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	11,508,021.62	17,348,021.62	11,284,213.62
Arena & Recreation Utility:			
Bonds and Notes	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,000.00</u>
Total Authorized But Not Issued	<u>11,509,021.62</u>	<u>17,349,021.62</u>	<u>11,285,213.62</u>
Net Bonds and Notes Issued & Authorized But Not Issued	<u>\$52,451,867.08</u>	<u>\$61,662,157.42</u>	<u>\$58,949,469.13</u>

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

Summary of Statutory Debt Condition

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.69%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local District School Debt	\$41,255,000.00	\$41,255,000.00	
Self Liquidating Debt	540,650.00		\$ 540,650.00
General Debt	<u>52,911,217.08</u>	<u>1,000,000.00</u>	<u>51,911,217.08</u>
	<u>\$94,706,867.08</u>	<u>\$42,255,000.00</u>	<u>\$52,451,867.08</u>

Net Debt \$52,451,867.08 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$7,559,369,897.00 = 0.69%.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

Borrowing Power Under N.J.S. 40A:2-6 as Amended

3.5% of Equalized Valuation Basis (Municipal)	\$ 264,577,946.40
Less: Net Debt	<u>52,451,867.08</u>
Remaining Borrowing Power	<u>\$ 212,126,079.32</u>

Calculation of "Self-Liquidating Purposes"
Arena & Recreation Utility per N.J.S.A. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 578,859.99
Deductions:	
Operating and Maintenance Costs	536,481.00
Debt Service	<u>214,628.50</u>
Excess/(Deficit) in Revenue	<u>\$ (172,249.51)</u>

Calculation of "Self-Liquidating Purposes"
Solid Waste Utility per N.J.S.A. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 249.02
Deductions:	
Operating and Maintenance Costs	<u>0.00</u>
Excess/(Deficit) in Revenue	<u>\$ 249.02</u>

Calculation of "Self-Liquidating Purposes"
Parking Utility per N.J.S.A. 40A:2-45

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 381,165.52
Deductions:	
Operating and Maintenance Costs	<u>111,243.00</u>
Excess/(Deficit) in Revenue	<u>\$ 269,922.52</u>

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

Lease/Purchase Agreements

The Township has entered into a lease/purchase agreement with the Middlesex County Improvement Authority ("MCIA") for the acquisition of equipment and other capital projects. Financing for these programs is provided from the proceeds of sales of MCIA Bonds, which are guaranteed by the County of Middlesex. Lease payments are structured to match the maturing principal and interest on the underlying MCIA Bonds, which includes all costs of issuance, plus annual "Administrative" and "Trustee" fees. Interest rates on lease commitments range from 2.00% to 4.25%. During the year ended December 31, 2011, the Township made lease payments in the amount of \$178,295.75. The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments at December 31, 2011:

<u>Year</u>	<u>Total Minimum Lease Payments</u>	<u>Amount Representing Interest</u>	<u>Present Value of Future Minimum Lease Payment</u>
2012	\$ 56,118.67	\$ 3,431.39	\$ 52,687.28
2013	<u>55,404.24</u>	<u>1,678.92</u>	<u>53,725.32</u>
	<u>\$ 111,522.91</u>	<u>\$ 5,110.31</u>	<u>\$ 106,412.60</u>

As of December 31, 2011, the Township's long-term debt is as follows:

General Capital Fund

<u>Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Rate</u>	<u>Balance, December 31, 2011</u>
General Improvement	02/01/02	\$ 9,500,000.00	4.00%	\$ 2,700,000.00
General Improvement	12/01/02	4,200,000.00	3.55%	1,200,000.00
General Improvement	12/01/03	5,000,000.00	Various	2,800,000.00
General Improvement	07/11/08	18,595,000.00	Various	16,295,000.00
Refunding Bonds	07/15/09	2,174,600.00	4.00%	<u>950,350.00</u>
				<u>\$ 23,945,350.00</u>

Arena and Recreation Utility Fund

<u>Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Rate</u>	<u>Balance, December 31, 2011</u>
Arena Utility	07/11/08	\$ 525,000.00	Various	\$ 345,000.00
Arena Utility Refunding Bonds	07/15/09	445,400.00	4.00%	<u>194,650.00</u>
				<u>\$ 539,650.00</u>

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

The aggregate debt service requirements for the General Capital Fund and Arena and Recreation Utility Fund Serial Bonds are as follows:

<u>Year</u>	<u>General Capital</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 3,630,800.00	\$ 903,923.00	\$ 4,534,723.00
2013	3,869,550.00	790,166.00	4,659,716.00
2014	4,500,000.00	650,400.00	5,150,400.00
2015	3,775,000.00	473,300.00	4,248,300.00
2016	3,850,000.00	324,300.00	4,174,300.00
2017	3,920,000.00	171,300.00	4,091,300.00
2018	<u>400,000.00</u>	<u>15,500.00</u>	<u>415,500.00</u>
	<u>\$ 23,945,350.00</u>	<u>\$ 3,328,889.00</u>	<u>\$ 27,274,239.00</u>

<u>Year</u>	<u>Arena and Recreation Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 189,200.00	\$ 18,702.00	\$ 207,902.00
2013	125,450.00	12,559.00	138,009.00
2014	60,000.00	9,000.00	69,000.00
2015	55,000.00	6,600.00	61,600.00
2016	55,000.00	4,400.00	59,400.00
2017	<u>55,000.00</u>	<u>2,200.00</u>	<u>57,200.00</u>
	<u>\$ 539,650.00</u>	<u>\$ 53,461.00</u>	<u>\$ 593,111.00</u>

<u>Year</u>	<u>NJEDA Loan Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 9,000.00	\$ 411.75	\$ 9,411.75
2013	9,000.00	273.75	9,273.75
2014	<u>9,000.00</u>	<u>136.88</u>	<u>9,136.88</u>
	<u>\$ 27,000.00</u>	<u>\$ 822.38</u>	<u>\$ 27,822.38</u>

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

6. Long-Term Debt (continued)

<u>Year</u>	<u>NJEIT Trust Payable</u>			<u>Total</u>
	<u>State Principal</u>	<u>Trust Principal</u>	<u>Trust Interest</u>	
2012	\$ 296,563.32	\$ 150,000.00	\$ 114,575.00	\$ 561,138.32
2013	300,969.34	160,000.00	107,075.00	568,044.34
2014	295,148.71	165,000.00	98,825.00	558,973.71
2015	299,720.26	175,000.00	90,912.50	565,632.76
2016	303,922.68	185,000.00	82,812.50	571,735.18
2017	301,398.35	195,000.00	74,262.50	570,660.85
2018	303,416.73	205,000.00	64,512.50	572,929.23
2019	304,801.39	215,000.00	54,262.50	574,063.89
2020	299,365.02	225,000.00	43,512.50	567,877.52
2021	299,791.62	235,000.00	32,262.50	567,054.12
2022	302,828.11	250,000.00	20,512.50	573,340.61
2023	195,051.63	95,000.00	8,412.50	298,464.13
2024	196,867.23	100,000.00	4,375.00	301,242.23
	<u>\$ 3,699,844.39</u>	<u>\$ 2,355,000.00</u>	<u>\$ 796,312.50</u>	<u>\$ 6,851,156.89</u>

<u>Year</u>	<u>Middlesex County Improvement Authority Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest & Admin Fees</u>	
2012	\$ 85,589.95	\$ 5,574.25	\$ 91,164.20
2013	<u>87,276.24</u>	<u>2,727.38</u>	<u>90,003.62</u>
	<u>\$ 172,866.19</u>	<u>\$ 8,301.63</u>	<u>\$ 181,167.82</u>

7. Bond Anticipation Notes

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding ten years. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that, on or before the third anniversary date of the original note, a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. Legal installments must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance.

On December 31, 2011, the Township had \$10,228,000.00 in outstanding bond anticipation notes.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

8. Bonds and Notes Authorized But Not Issued

At December 31, 2011, the Township of Old Bridge had the following bonds and notes authorized but not issued:

<u>General Capital Fund</u>	\$11,508,021.62
<u>Arena and Recreation Utility Capital Fund</u>	\$ 1,000.00

9. Fund Balance Appropriated

Current Fund

The fund balance at December 31, 2011 was \$7,109,174.45, of which \$6,224,000.00 was appropriated and included as anticipated revenue for the year ended December 31, 2012.

Arena and Recreation Utility Fund

The fund balance at December 31, 2011 was \$606.59, of which \$0.00 was appropriated and included as anticipated revenue for the year ended December 31, 2012.

Parking Utility Fund

The fund balance at December 31, 2011 was \$98,147.58, of which \$17,457.00 was appropriated and included as anticipated revenue for the year ended December 31, 2012.

10. Deferred Charges to be Raised in Succeeding Years' Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2011, the following deferred charges were shown on the Township's Balance Sheets:

Current Fund:

Emergency Appropriation	\$178,000.00
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Arena and Recreation Utility Operating :

Deficit in Operations	\$ 19,138.15
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Animal Control Fund

Deficit in Expenditures	\$ 39,273.94
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TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

11. Accrued Sick and Vacation Benefits - Unaudited

The Township has established policies which set forth the terms under which an employee may accumulate unused benefits. The Township permits its employees to accumulate unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. Effective for financial statements dated December 31, 1987, the State has required all municipalities to disclose the estimated current cost of unused sick and vacation benefits at year-end. The Township estimated that the current cost of such unpaid compensation would be \$5,888,463.39 at December 31, 2011. In accordance with New Jersey accounting principles, this amount is not reported as an expenditure or liability in the accompanying financial statements. This amount is not intended to reflect a liability for accrued compensated absences in accordance with GAAP.

12. Post-Employment Retirement Benefits

The Township provides health benefits through its group insurance plan to certain retirees and their dependents, as follows:

The former employer assumes the cost if the retired employee meets certain requirements. The Plan Sponsor has agreed to pay retiree coverage if:

1. he or she has 25 or more years of service with the Township of Old Bridge; or
2. he or she retired on an approved disability retirement (10 years of service required for civilian and 4 years of service for police); or
3. reached 62 years of age with 15 or more years of service with the Township of Old Bridge;
4. the employer has agreed to pay for coverage of a surviving spouse of a retiree who qualified under the provision listed above until the retiree's death with up to 2 years of additional coverage upon the death of the retiree.

At December 31, 2011, approximately 138 retirees were receiving non-contributory health coverage benefits. No estimate of the annual cost to the Township of retiree health benefits has been made.

The contribution requirements of Plan members and the participating agencies are established and may be amended through the collective bargaining process or by action of the Mayor and/or Township Council.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

12. Post-Employment Retirement Benefits (continued)

The Township's annual Other Post Employment Benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("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 normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Township's annual OPEB cost for the year, the amount actually contributed to the Plan, and the Township's net OPEB obligation:

Net OPEB Obligations, beginning of year (June 30, 2008)	\$ 0
Plus:	
Annual Required Contribution ("ARC")	12,290,622
Less:	
Township Contributions (assumed)	<u>(2,268,687)</u>
 Net OPEB Obligation – end of year (June 30, 2009)	 <u>\$ 10,021,935</u>

The funded status of the Plan for the Township as of July 1, 2009 was as follows:

Actuarial Accrued Liability ("AAL")	\$ 111,325,563
Actuarial Value of Plan Assets	<u>0</u>
 Unfunded Actuarial Accrued Liability ("UAAL")	 <u>\$ 111,325,563</u>
 Funded Ratio (Actuarial Value of Plan Assets/ AAL)	 0.00%
Covered Payroll (Active Plan Members)	Not Available
UAAL as a Percentage of Covered Payroll	Not Applicable

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health-care cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

12. Post-Employment Retirement Benefits (continued)

In the July 1, 2009 actuarial valuation, the projected unit credit cost method was used. A rate of 4.50% was utilized as the discount rate and the amount of increase in the normal cost amount. The unfunded accrued liability is being amortized as a level dollar amount using an open period of 30 years.

13. Unemployment Compensation Insurance

Effective January 1, 1978, most municipal employees were eligible for unemployment compensation insurance (N.J.S.A. 43:21-3 et seq.). The Township has elected to provide a self-insured plan whereby the municipal cost and employee contributions are deposited in a trust fund from which claims, if any, will be paid. All funds collected from employees are transmitted to the state for this period. The Reserve for Unemployment Compensation Insurance at December 31, 2011 and 2010 totaled \$12,203.28 and \$71,697.37, respectively.

14. Risk Management

Effective for the 2002 Fund year, the Township became a member of the Central Jersey Joint Insurance Fund ("Fund"). This fund provides for a pooling of self-retained risks of insurable losses, as well as cost-effective excess and reinsurance coverages. The Township had previously operated a risk management program which included significant self-insured risk retention, and had established a Self-Insurance Trust Fund to account for this activity. Reserves available in the Self-Insurance Trust Fund may be utilized to make contributions towards the settlement of residual claims or the Township may redirect these funds to any other lawful purpose.

15. Deferred Compensation Program

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

The Plan is an arrangement whereby a public employer may establish a Plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations.

The Township has engaged a private contractor to administer the Plan.

The Township adopted a resolution on June 8, 1998 amending its Plan in accordance with the amendments to Section 457 of the Code included in the Small Business Job Protection Act of 1996. This legislation eliminated provisions of the law that required compensation which was deferred under the Plan to remain assets of the employer. The Plan amendment specifies that Plan assets are held "for the exclusive benefit of Plan participants and their beneficiaries". Accordingly, the financial statements of the Plan are not included in the Township's financial statements for periods ending subsequent to June 30, 1998.

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

16. Length of Service Award Program ("LOSAP") - Unaudited

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

Annual Contributions - The annual contribution to be made by the Township for each active volunteer member shall be \$1,150.00 per year of active emergency service, commencing with the year 1999.

Appropriations - Appropriations for the purpose of funding the Township's LOSAP shall be included as a separate line item in the Township's budget, commencing with the year 2000.

Periodic Increases - Notwithstanding the provisions above, the annual contribution to be made by the Township for each active volunteer member shall be subject to periodic increases based upon the "consumer price index factor" pursuant to subsection f. of section 3 of P.L. 1997, c. 388 (N.J.S.A. 40A:14-185).

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

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

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

TOWNSHIP OF OLD BRIDGE
COUNTY OF MIDDLESEX, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS

Years ended December 31, 2011 and 2010

16. Length of Service Award Program ("LOSAP") – Unaudited (continued)

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

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

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

17. Contingent Liabilities

State and Federal Grants

The Township receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2011, the Township estimates that no material liabilities will result from such audits.

Pending Litigation

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

18. Subsequent Events

On April 23, 2012 the Township adopted Bond Ordinance #2012-12 to provide general obligation bonds not to exceed \$4,100,000 to refund bonds. The bonds to be refunded are general obligation bonds series 2002 amounting to \$1,800,000 and general obligation bonds series 2003A amounting to \$2,000,000.

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APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE is made as of October 1, 2012 by the Township of Old Bridge, New Jersey, a political subdivision duly organized under the laws of the State of New Jersey (the “Issuer”).

WITNESSETH:

WHEREAS, the Issuer is issuing its General Obligation Refunding Bonds, Series 2012 dated their date of delivery in the aggregate principal amount of \$3,750,000 (the “Bonds”) on the date hereof; and

WHEREAS, the Bonds are being issued pursuant to a bond ordinance adopted by the Issuer and a certificate signed by the Issuer on October 3, 2012; and

WHEREAS, the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended and supplemented (codified on the date hereof at 15 U.S.C. 77 *et seq.*) (the “Securities Exchange Act”) has adopted amendments to its Rule 15c2-12 (codified at 17 C.F.R. § 240.15c2-12) (“Rule 15c2-12”) effective July 3, 1995 which generally prohibit a broker, dealer, or municipal securities dealer from purchasing or selling municipal securities, such as the Bonds, unless such broker, dealer or municipal securities dealer has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board; and

WHEREAS, the Issuer will deliver on the closing date for the Bonds a “Continuing Disclosure Certificate” pursuant to which the Issuer will agree to provide at the times and to the persons described in Rule 15c2-12 the annual financial information and event notices required to be disclosed on a continual basis pursuant to Rule 15c2-12; and

WHEREAS, on October 3, 2012, the Issuer accepted the offer of NW Capital Markets Inc., on behalf of itself and each of the original underwriters for the Bonds (each, a “Participating Underwriter”) for the purchase of the Bonds; and

WHEREAS, the execution and delivery of this Certificate has been duly authorized by the Issuer and all conditions, acts and things necessary and required to exist, to have happened, or to have been performed precedent to and in the execution and delivery of this Certificate, do exist, have happened and have been performed in regular form, time and manner; and

WHEREAS, the Issuer is executing this Certificate for the benefit of the Holders of the Bonds.

NOW, THEREFORE, for and in consideration of the premises and of the mutual representations, covenants and agreements herein set forth, the Issuer, its successors and assigns, do mutually promise, covenant and agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.1 Terms Defined in Recitals. The following terms shall have the meanings set forth in the recitals hereto:

Bonds	Rule 15c2-12
Issuer	SEC
Participating Underwriter	Securities Exchange Act

Section 1.2 Additional Definitions. The following additional terms shall have the meanings specified below:

“Annual Report” means Financial Statements and Operating Data provided at least annually.

“Bondholder” or “holder” or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, including holders of beneficial interests in the Bonds.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which commercial banks in New York, New York or in Somerville, New Jersey are authorized or required by law to close or (c) a day on which the New York Stock Exchange is closed.

“Disclosure Event” means any event described in subsection 2.1(d) of this Certificate.

“Disclosure Event Notice” means the notice to the MSRB as provided in subsection 2.4(a).

“Disclosure Representative” means the Chief Financial Officer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

“Dissemination Agent” means an entity acting in such capacity under this Certificate or any other successor entity designated in writing by the Issuer and which has filed a written acceptance of such designation.

“Final Official Statement” means the final Official Statement of the Issuer dated October 3, 2012 pertaining to the Bonds.

“Financial Statements” means the audited financial statements of the Issuer for each Fiscal Year and includes balance sheets, statements of changes in fund balances and statements of current funds, revenues, expenditures and other charges or statements which convey similar information.

“Fiscal Year” means the fiscal year of the Issuer. As of the date of this Certificate, the Fiscal Year of the Issuer begins on January 1 and closes on December 31 of each calendar year.

“GAAS” means generally accepted auditing standards as in effect from time to time, consistently applied.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Operating Data” means the financial and statistical information of the Issuer of the type included in the Final Official Statement under the heading “General Information of the Township of Old Bridge, County of Middlesex, New Jersey.”

“State” means the State of New Jersey.

Section 1.3 Interpretation. Words of masculine gender include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular include the plural and vice versa, and words importing persons include corporations, associations, partnerships (including limited partnerships), trusts, firms and other legal entities, including public bodies, as well as natural persons. Articles and Sections referred to by number mean the corresponding Articles and Sections of this Certificate. The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms as used in this Certificate, refer to this Certificate as a whole unless otherwise expressly stated.

As the context shall require, the disjunctive term “or” shall be interpreted conjunctively as required to insure that the Issuer performs any obligations, mentioned in the passage in which such term appears.

The headings of this Certificate are for convenience only and shall not defined or limit the provisions hereof.

ARTICLE II
CONTINUING DISCLOSURE COVENANTS AND REPRESENTATIONS

Section 2.1 Continuing Disclosure Covenants of the Issuer. The Issuer agrees that it will provide, or shall cause the Dissemination Agent to provide:

(a) Not later than nine months after the end of each Fiscal Year, commencing with the Fiscal Year of the Issuer ending December 31, 2012, an Annual Report to the MSRB;

(b) Not later than fifteen (15) days prior to the date of each year specified in subsection 2.1(a), a copy of the Annual Report to the Dissemination Agent, if the Issuer has appointed or engaged a Dissemination Agent;

(c) If audited Financial Statements are not submitted as part of the filing as set forth in subsection 2.1(a), the Issuer will submit unaudited financial statements with such filing, and will subsequently submit audited Financial Statements when and if available, to the MSRB;

(d) In a timely manner not in excess of ten business days following the occurrence of any of the Disclosure Events (hereinafter defined), to the MSRB, notice of any of the following events with respect to the Bonds (each, a "Disclosure Event");

- (i) principal and interest delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders; if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;

- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) 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; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(e) In a timely manner, to the MSRB, notice of a failure by the Issuer to provide the Annual Report within the period described in subsection 2.1(a) hereof.

Section 2.2 Continuing Disclosure Representations. The Issuer represents and warrants that:

(a) Financial Statements shall be prepared according to principles prescribed by the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey Pursuant to Chapter 5 of Title 40 of the New Jersey Statutes as in effect from time to time.

(b) Financial Statements prepared annually shall be audited in accordance with GAAS.

Section 2.3 Form of Annual Report.

(a) The Annual Report may be submitted as a single document or as separate documents comprising a package.

(b) Any or all of the items which must be included in the Annual Report may be incorporated by reference from other documents, including official statements of the Issuer or related public entities which have been submitted the MSRB or filed with the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(c) The audited Financial Statements of the Issuer, if any, may be submitted separately from the balance of the Annual Report.

Section 2.4 Responsibilities, Duties, Immunities and Liabilities of the Dissemination Agent.

(a) If the Issuer or the Dissemination Agent (if one has been appointed or engaged by the Issuer) has determined it necessary to report the occurrence of a Disclosure Event, the Issuer or Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a notice of

such occurrence with the MSRB (the “Disclosure Event Notice”) in the form provided by the Issuer.

(b) The Issuer and/or the Dissemination Agent (if one has been appointed or engaged by the Issuer) shall file a written report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate and stating the date it was provided.

Section 2.5 Appointment, Removal and Resignation of the Dissemination Agent.

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carry out its obligations under this Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

(b) The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liability 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 negligence or willful misconduct. The obligations of the Issuer under this subsection shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(c) The Dissemination Agent, or any successor thereto, may at any time resign and be discharged of its duties and obligations hereunder by giving not less than thirty (30) days written notice to the Issuer. Such resignation shall take effect on the date specified in such notice.

ARTICLE III DISCLOSURE DEFAULT AND REMEDIES

Section 3.1 Disclosure Default. The occurrence and continuation of a failure or refusal by the Issuer to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Certificate and such failure or refusal shall remain uncured for a period of thirty (30) days shall constitute a Disclosure Default hereunder.

Section 3.2 Remedies on Default.

(a) Any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Issuer and of the officers, agents and employees of the Issuer which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Issuer under this Certificate and may compel the Issuer or any such officers, agents, or employees, except of the Dissemination Agent, to perform and carry out their duties under this Certificate; provided, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(b) In case any Bondholder shall have proceeded to enforce its rights under this Certificate and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to any Bondholder, then and in every such case the Issuer and any Bondholder shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer and any Bondholder shall continue as though no such proceeding had been taken.

(c) A default under this Certificate shall not be deemed a default under the Bonds, and the sole remedy under this Certificate in the event of any failure or refusal by the Issuer to comply with this Certificate shall be as set forth in subsection 3.2(a) of this Certificate.

ARTICLE IV MISCELLANEOUS

Section 4.1 Purposes of the Continuing Disclosure Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with clause (b)(5) of Rule 15c2-12.

Section 4.2 Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from (a) disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or (b) including any other information in any Annual Report or any Disclosure Event Notice, in addition to that which is required by this Certificate. If the Issuer chooses to include information in any Annual Report or any Disclosure Event Notice in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or any future Disclosure Event Notice.

Section 4.3 Notices. All notices required to be given or authorized shall be in writing and shall be sent by registered or certified mail to the Issuer, One Old Bridge Plaza, Old Bridge, New Jersey 08857, Attention: Himanshu R. Shah.

Section 4.4 Severability. If any provision of this Certificate shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatever.

Section 4.5 Amendments, Changes and Modifications.

(a) Without the consent of any Bondholders, the Issuer at any time and from time to time may enter into any amendments or modifications to this Certificate for any of the following purposes:

(i) to add to covenants and agreements of the Issuer hereunder for the benefit of the Bondholders, or to surrender any right or power conferred upon the Issuer by this Certificate;

(ii) to modify the contents, presentation and format of the Annual Report from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting the Issuer; provided that any such modification shall comply with the requirements of Rule 15c2-12 as then in effect at the time of such modification; or

(iii) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to include any other provisions with respect to matters or questions arising under this Certificate which, in each case, comply with Rule 15c2-12 as then in effect at the time of such modification.

provided, that prior to approving any such amendment or modification, the Issuer determines that such amendment or modifications does not adversely affect the interests of the Holders of the Bonds in any material respect.

(b) Upon entering into any amendment or modification required or permitted by this Certificate, the Issuer shall deliver, or cause the dissemination Agent to deliver, to the MSRB written notice of any such amendment or modification.

(c) The Issuer shall be entitled to rely exclusively upon an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendments or modifications comply with the conditions and provisions of this Section 4.5.

Section 4.6 Amendments Required by Rule 15c2-12. The Issuer recognizes that the provisions of this Certificate are intended to enable the participating Underwriters to comply with Rule 15c2-12. If, as a result of a change in Rule 15c2-12 or in the interpretation thereof, a change in this Certificate shall be permitted or necessary to assure continued compliance with Rule 15c2-12 and upon delivery by any Participating Underwriter of an opinion of counsel nationally recognized as expert in federal securities law acceptable to the Issuer to the effect that such amendment shall be permitted or necessary to assure continued compliance by the Participating Underwriter with Rule 15c2-12 as so amended or interpreted, then the Issuer shall amend this Certificate to comply with and be bound by any such amendment to this Certificate to the extent necessary or desirable to assure compliance with the provisions of Rule 15c2-12 and provide the written notice of such amendment as required by subsection 4.5(b) hereof.

Section 4.7 Governing Law. This Certificate shall be governed exclusively by and construed in accordance with the applicable laws of the State of New Jersey.

Section 4.8 Termination of Issuer's Continuing Disclosure Obligations. The continuing obligation of the Issuer under Section 2.1 hereof to provide the Annual Report and any Disclosure Event Notice and to comply with the other requirements of said Section shall terminate if and when either (a) the Bonds are no longer outstanding or (b) the Issuer no longer remains an "obligated person" (as defined in Rule 15c2-12(f)(10) with respect to the Bonds in either event, only after the Issuer delivers, or causes the Dissemination Agent to deliver, to the MSRB written notice to such effect. This Certificate shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are Outstanding.

Section 4.9 Binding Effect. This Certificate shall inure to the benefit of and shall be binding upon the Issuer and its successors and assigns.

IN WITNESS WHEREOF, THE TOWNSHIP OF OLD BRIDGE, NEW JERSEY has caused this Certificate to be executed in its name and its corporate seal to be hereunto affixed and attested by its duly authorized officers, all as of the date first above written.

[SEAL]

TOWNSHIP OF OLD BRIDGE, NEW JERSEY

ATTEST:

By: _____
Himanshu R. Shah, Chief Financial Officer

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APPENDIX C

FORM OF BOND COUNSEL OPINION

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October __, 2012

Mayor and Township Council
Township of Old Bridge
One Old Bridge Plaza
Old Bridge, New Jersey 08857

Dear Mayor and Township Council:

We have examined certified copies of the proceedings of the Council of the Township of Old Bridge, in the County of Middlesex, State of New Jersey (the "Township"), including ordinances, affidavits and certificates delivered by officials of the Township, and other proofs submitted to us relative to the issuance and sale by the Township of its \$3,750,000 General Obligation Refunding Bonds, Series 2012, dated October 16, 2012 (the "Bonds").

The Bonds are issued pursuant to the Local Bond Law, constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), a resolution of the Township adopted on May 21, 2012 (the "Resolution") and a bond ordinance of the Township, in all respects duly adopted by the Council of the Township (the "Bond Ordinance").

Each of the Bonds is dated the date of delivery, bears interest at the interest rate set forth on the face of the Bonds and matures on July 1 in the years and principal amounts as set forth below:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
2013	\$ 920,000	2016	\$ 265,000
2014	1,265,000	2017	140,000
2015	195,000	2017	250,000
2015	200,000	2018	190,000
2016	125,000	2018	200,000

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

We have examined the Local Bond Law and such other laws and originals (or copies certified or otherwise identified to our satisfaction) of such instruments, certificates and documents as we deem necessary to render the opinions set forth herein. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies.

Based upon the foregoing and subject to the qualifications set forth herein, we are of the opinion that:

1. The aforementioned proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to the Local Bond Law, and other applicable provisions

of law, and that the Bonds have been duly authorized, executed and delivered and are a valid and legally binding obligation of the Township.

2. The Township has the power and is 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 Bonds, without limitation as to rate or amount.

3. Under existing law, interest on the Bonds is excluded from the gross income of the owners of the Bonds for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and interest on the Bonds is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax.

4. Under existing law, interest on the Bonds and net gains from the sale of the Bonds are exempt from the tax imposed by the New Jersey Gross Income Tax Act.

With respect to our Federal income tax opinion, we note that the Code imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Bonds in order for interest on the Bonds to be excluded from gross income for Federal income tax purposes under Section 103 of the Code. The Township has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or permit any action to be taken which would cause the interest on the Bonds to lose the exclusion from gross income for Federal income tax purposes under Section 103 of the Code or cause interest on the Bonds to be treated as an item of tax preference under Section 57 of the Code. We have assumed continuing compliance by the Township with the above covenants in rendering our opinion with respect to the exclusion of interest on the Bonds from gross income for Federal income tax purposes and with respect to interest on the Bonds not constituting an item of tax preference.

Attention is called to the fact that we have not been requested to examine and have not examined any documents or information relating to the Township other than the certified copies of the proceedings and proofs hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been or may be supplied to any purchaser of said Bonds.

Our opinion concerning the enforceability of the Bonds is subject to Federal and state laws regarding bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and remedies generally (including, without limitation, laws relating to fraudulent conveyance, and by general principles of law and equity (regardless of whether enforcement is considered or sought in proceedings at law or in equity) and by limitation on remedial rights under applicable law). Their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

The opinions stated herein are based upon current authorities, and there can be no assurance that future legislative or administrative changes or court decisions will not affect said opinions. We undertake no obligation to inform you of any matter occurring after the date of this letter which affects in any way the opinion given herein.

Except as stated above, we express no opinion as to any Federal or state tax consequences with respect to the Bonds.

Very truly yours,

GIBBONS P.C.

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