

**NEW ISSUE
SERIAL BONDS****RATING: Standard & Poor's:**

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with its Tax Certificate described herein, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; nor is it included in "adjusted current earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. In addition, Bond Counsel is further of the opinion that, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof. See "TAX MATTERS" herein.

\$2,465,000

**BOROUGH OF RIVER EDGE
COUNTY OF BERGEN, NEW JERSEY
GENERAL IMPROVEMENT BONDS
(Book-Entry Only) (Bank-Qualified)
(Non-Callable)**

Dated: November 15, 2009**Due: November 15, as shown below**

The General Improvement Bonds (the "Bonds") of the Borough of River Edge, in the County of Bergen, New Jersey (the "Borough"), will be issued as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, with the Bonds immobilized in the custody of DTC. Owners of beneficial interests in the Bonds will not receive physical delivery of bond certificates, but are to receive statements or other evidence of such ownership of beneficial interests from sources from which such interests were purchased. Investors may purchase beneficial interests in the Bonds in book-entry form in the denomination of \$5,000 or any integral multiple thereof. See "THE BONDS" and "BOOK-ENTRY-ONLY SYSTEM" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will, in turn, remit such payments to the owners of beneficial interests in the Bonds. Principal of the Bonds is payable on November 15 of each of the years set forth below, and interest on the Bonds is payable on each May 15 and November 15, commencing May 15, 2010, in each year until maturity. The Bonds are not subject to redemption prior to their stated maturities.

The Bonds are general obligations of the Borough and are secured by a pledge of the full faith and credit of the Borough for the payment of the principal thereof and the interest thereon. The Borough is authorized and required by law to levy *ad valorem* taxes upon all the taxable real property within the Borough for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

MATURITY SCHEDULE, INTEREST RATES AND YIELDS OR PRICES

<u>Year</u>	<u>Amount Maturing</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year</u>	<u>Amount Maturing</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2010	\$245,000	%	%	2015	\$245,000	%	%
2011	245,000			2016	245,000		
2012	245,000			2017	245,000		
2013	245,000			2018	245,000		
2014	245,000			2019	260,000		

(plus accrued interest from November 15, 2009)

The Bonds are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about November 16, 2009.

**ELECTRONIC BIDS VIA PARITY AND
SEALED PROPOSALS WILL BE RECEIVED
UNTIL 11:00 O'CLOCK A.M. ON NOVEMBER 4, 2009
AT THE MUNICIPAL BUILDING,
705 KINDERKAMACK ROAD
RIVER EDGE, NEW JERSEY 07661**

BOROUGH OF RIVER EDGE
Bergen County, New Jersey

MAYOR

MARGARET FALAHEE WATKINS

BOROUGH COUNCIL

THOMAS SMITH
JOHN HIGGINS
ESTHER FLETCHER

JOHN CANNON
WENDY WALKER
MARY ANNE RUSH

**BOROUGH ADMINISTRATOR/
CHIEF FINANCIAL OFFICER**

ALAN P. NEGREANN

BOROUGH CLERK

DENISE DONDIEGO

BOROUGH ATTORNEY

WILLIAM R. LINDSLEY, ESQ.
Hackensack, New Jersey

BOROUGH AUDITOR

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Pompton Lakes, New Jersey

BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Borough to give any information or to make any representations, with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Borough. The information contained herein has been obtained from the Borough and other sources which are believed to be reliable; however, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation or warranty of the Borough. The information and 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, ordinances, resolutions, agreements, reports and comments 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 Borough during normal business hours.

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

TABLE OF CONTENTS

	<u>Page</u>
Introduction	1
The Bonds	1
Prior Redemption	2
Qualified Tax-Exempt Obligations	2
Schedule of Maturities	2
Book-Entry Only System	2
Authorization	4
Purpose of Financing	4
Payment of and Security for the Bonds	4
No Default	5
Market Protection-Bond and Note Financing	5
General Information Regarding the Borough of River Edge	5
Financial Information	10
2009 Municipal Budget	16
Provisions of Certain Statutes with Respect	17
To General Obligation Debt	
2009 Capital Budget and Capital Improvement Program	23
Assessment and Collection of Taxes	24
The Local Fiscal Affairs Law	25
Secondary Market Disclosure	25
Tax Matters	27
Litigation	28
Legality for Investment	28
Rating	28
Underwriting	29
Documents Accompanying Delivery of the Bonds	29
Miscellaneous	30
Additional Information	30
Preparation of Official Statement	31
Approval of Official Statement	31
Appendix A - Independent Auditor's Report and	
Financial Statements of the Borough of River Edge	
Appendix B - Proposed Form of Bond Counsel Opinion	

OFFICAL STATEMENT
OF THE BOROUGH OF RIVER EDGE
IN THE COUNTY OF BERGEN, NEW JERSEY

\$2,465,000 GENERAL IMPROVEMENT BONDS
(BOOK-ENTRY ONLY) (BANK-QUALIFIED)
(NON-CALLABLE)

INTRODUCTION

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Borough of River Edge (the "Borough") in the County of Bergen (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$2,465,000 General Improvement Bonds (the "Bonds"). This Official Statement has been executed by and on behalf of the Borough by the Borough Administrator/Chief Financial Officer of the Borough.

This Preliminary Official Statement is "deemed final" as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), but is subject to (a) completion with certain pricing and other information to be made available by the successful bidder for the Bonds and (b) amendment. This Preliminary Official Statement, as so revised, will constitute the "final official statement" within the meaning of Rule 15c2-12.

THE BONDS

General Description

The Bonds shall be dated November 15, 2009 and will mature on November 15 of each year as shown on the "Schedule of Maturities" herein. The Bonds shall bear interest from their dated date, payable on each May 15 and November 15, commencing May 15, 2010 (each, an "Interest Payment Date"), in each year until maturity at the rates shown on the cover page hereof. Principal of and interest on the Bonds will be paid to The Depository Trust Company, New York, New York ("DTC"), acting as Securities Depository, by the Chief Financial Officer, acting as "Bond Registrar/Paying Agent". Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of the last business day of the month preceding the month in which such Interest Payment Date occurs (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity in the principal amount of such maturity. The Bonds will be issued in book-entry form only. Investors may purchase beneficial interests in the Bonds in the denomination 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 Bonds, payments of the principal of and interest on the Bonds will be made by the Paying Agent directly to 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. Disbursement of such payment to the beneficial owners is the responsibility of the DTC participants. See "BOOK-ENTRY ONLY SYSTEM" below.

PRIOR REDEMPTION

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Borough has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) (3) of the Internal Revenue Code of 1986, as amended, and has represented that it reasonably expects that collectively, neither it nor its subordinate entities, if any, will issue more than \$30,000,000 of tax-exempt obligations during the current calendar year.

SCHEDULE OF MATURITIES

<u>YEAR</u>	<u>MATURITY</u>
2010	\$245,000
2011	\$245,000
2012	\$245,000
2013	\$245,000
2014	\$245,000
2015	\$245,000
2016	\$245,000
2017	\$245,000
2018	\$245,000
2019	\$260,000

BOOK - ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

AUTHORIZATION

The Bonds have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law (Chapter 2 of Title 40A of the New Jersey statutes, as amended, the "Local Bond Law"). The Bonds are authorized by various bond ordinances adopted by the Borough Council of the Borough and resolutions adopted by the Borough Council of the Borough on September 21, 2009.

The bond ordinances included in the sale of the Bonds were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State and any person shall be estopped from questioning the sale or the execution or the delivery of the Bonds by the Borough.

PURPOSE OF FINANCING

The proceeds of the Bonds will be used to finance \$2,465,000 of previously unfinanced capital projects. The projects to be funded in the sale are listed below:

<u>Ord. #</u>	<u>Improvement Description</u>	<u>Bonds Authorized</u>	<u>Bonds in Sale</u>	<u>Previously Raised or to be raised by Budget</u>
1591	Repair of Wayne Pump Station	\$ 665,000	\$ 432,000	\$133,000
1616	Various Public Imprvts. & Acquisitions	\$ 603,000	\$ 603,000	
1656/ 1672	Various Public Imprvts.	<u>\$1,530,000</u> <u>\$2,798,000</u>	<u>\$1,430,000</u> <u>\$2,465,000</u>	<u>\$133,000</u>

PAYMENT OF AND SECURITY FOR THE BONDS

The Bonds are general obligations of the Borough and unless paid from other sources, the Borough is authorized and required by law to levy ad valorem taxes on all real property taxable by the Borough for the payment of the principal of and interest on the Bonds without limitation as to rate or amount. Payment of such principal and interest, however, is not limited to any particular fund or source of revenue of the Borough. The Borough is required to include the total amount of interest and debt redemption charges on all of its general obligation indebtedness for the succeeding year in the annual budget.

Enforcement of a claim for payment of principal of or interest on bonds and notes of the Borough is subject to applicable provisions of Federal bankruptcy laws and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension for payment of principal of or interest on the bonds or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission, whose powers have been vested in the New Jersey Local Finance Board.

NO DEFAULT

No principal or interest payments on Borough indebtedness are past due. The Borough has never defaulted in the payment of any bonds or notes.

MARKET PROTECTION-BOND AND NOTE FINANCING

The Borough does not intend to issue tax anticipation notes, bond anticipation notes or additional bonds during the remainder of 2009.

GENERAL INFORMATION REGARDING THE BOROUGH

Size and Geographical Location

The Borough of River Edge comprises an area of approximately 1.9 square miles, located in the central section of Bergen County, New Jersey, approximately 6 miles from New York City. Surrounding municipalities include Paramus, Hackensack, New Milford, Oradell and Teaneck.

Form of Government

River Edge was incorporated in 1894 under the Borough form of government. There is a Mayor and a six member Council.

The Mayor is elected to serve a four-year term and may succeed that term by re-election. He/she is empowered, as head of the municipal government, to (i) provide for the proper execution of local and State laws; (ii) recommend to the Borough Council measures he/she deems in the best interest of the Borough; (iii) nominate and, with the advice and consent of the Borough Council, appoint most subordinate officers of the Borough; and (iv) maintain peace and order. Although he/she presides over meetings of the Borough Council, the Mayor votes only in case of a tie. State law requires that he/she be a member of the Planning Board and the Board of Trustees of the municipal Public Library.

The six Council members are elected at-large, two each year, for terms of three years. The Council exercises general legislative powers conferred upon it by State law to protect and promote the general welfare of the Borough. Among these are the rights to enact ordinances, approve resolutions, approve mayoral appointments, adopt the annual budget and determine the tax levy.

Transportation

River Edge is strategically located within the nation's largest metropolitan region. Rail service provided by New Jersey Transit is available from Spring Valley, New York to Hoboken, New Jersey with connections to New York City. Automotive transportation has access to Route 4, 46, the New Jersey Turnpike and Garden State Parkway.

Free Public Library

The Borough, under the direction of a Board of Library Trustees, operates its own library. The library is housed in a structure of its own which in 1994 was doubled in size to 14,000 square feet. The library is part of the BCCLS County-wide system to share materials, is computerized and provides access to the Internet.

Protection

The River Edge Police Department provides protection for Borough residents. The Department has a staff of two clerical/administrative personnel, 21 officers, three civilian dispatchers and three superior officers. In addition, about 20 crossing guards are employed to insure safe passage of children to and from school. Police equipment is maintained at high standards and police patrol cars are replaced every year. The fleet includes four patrol cars, two unmarked cars, a chief's car, a staff car, and spare vehicles. A modern 9,000 square foot police headquarters, providing for standardized jail cells and improved security for officers was built in 1988.

Ambulance service is provided for the public by a volunteer ambulance corps.

Fire protection is provided by two volunteer fire companies which are housed in two modern buildings. Equipment is replaced on a rotating basis; the department operates three pumpers, one ladder truck, one rescue truck, a chief's vehicle and a boat. The Borough completed an addition and renovation of Fire Company #1 in 2002.

Utilities

Electricity and gas are supplied by Public Service Electric and Gas, a privately-owned and operated utility.

The Borough's water is supplied by United Water New Jersey, which is a privately-owned and operated utility. Water rates are regulated by the Board of Public Utilities (the "BPU"), which must approve all increases. The company feels that reservoir capacity and existing water mains are adequate to serve the Borough beyond the year 2009.

The Borough's sewerage system is connected with the Bergen County Utilities Authority. For this service the Borough pays an annual service charge based on the metered flow of sewerage. The service charge is part of the general property tax levy.

Recreation

The Borough's recreation department is administered by a commission whose members are appointed by the Mayor and Council; it provides activities such as tennis, soccer, football, basketball and baseball.

There are three parks operated by the Borough totaling 26.8 acres. Playground areas, football and baseball fields are provided as well as eight tennis courts. A gymnasium available to all organized sport groups was added to the Cherry Hill School in 1985.

The Borough in 1997 completed a renovation of its 1.37 acre Brookside Park. The Borough also completed a renovation of its 15.35 acre Veterans Memorial park in 2007.

Available for recreational use to Borough residents are Bergen County Park commission facilities at Van Saun Park of which 86.5 acres are located in River Edge.

Recreation facilities are also available to the Borough through both the River Edge local school district and the River Dell regional school systems.

The Von Steuben House and State Historical Society are located on 4.7 acres owned by the County of Bergen and State of New Jersey within the community and provide passive recreation.

Sanitation

The Borough provides garbage collection for all homes on a semi-weekly basis. The Borough contracts with a private contractor for these services. The annual charge for collection of solid waste is included in the tax rate.

Education

The Board of Education of the Borough is governed by the type II provisions of Title 18A, Education, of the New Jersey Statutes.

The Borough's elementary school district (grades K-6) coterminous with the Borough is a type II school district and is an independent legal entity administered by a seven member Board of Education elected by the voters of the school district. The River Dell school district is part of a regional school district (grades 7-12). The school districts are authorized by law to issue debt for school purposes upon vote of the electorate.

The present public school system in River Edge operates two elementary schools for River Edge children (grades K-6) and a middle school and a senior high school for residents of River Edge and Oradell (grades 7-12).

The elementary schools are supported by River Edge taxpayers. The River Dell Regional School district (middle school and senior high school) is jointly supported by River Edge and Oradell taxpayers.

The River Dell Regional school district as of December 31, 2008 had \$20,193,000.00 in outstanding serial bonds of which \$10,192,609.89 is apportioned to the Borough of River Edge. The River Edge Public School system as of December 31, 2008, had \$21,643,000.00 in outstanding serial bonds.

The River Dell Regional School District was formed in 1956 and presently serves as a limited purpose regional school district educating students from Oradell and River Edge Boroughs in grades 7-12. The River Dell Regional School District tax levy is apportioned based upon the equalized value of real estate in each town rather than on a per-pupil basis. The high school enrollment for several years has been predominately that of the Borough of River Edge. Since a greater share of the tax levy is borne by Oradell, they believe that this has led to a disproportionate cost to their municipality. Oradell made application to the County Superintendent of Schools to make an investigation as to the advisability of withdrawal of Oradell from the regional district. Following the investigation, Oradell submitted a petition to a State Board of Review to determine whether the question of dissolution should be subject to a special school election. The petition by Oradell to hold an election was denied by the Board of Review on October 16, 2007. In April of 2009, the Borough of Oradell appealed the decision to the Superior Court of New Jersey which affirmed the State Board of Review's 2007 denial to hold a referendum. On September 1, 2009 the Borough of Oradell filed a petition with the Commissioner of Education seeking "equitable modification of the cost apportionment" based on a Supreme Court decision in the North Haledon School District, 181 N.J.161 (2004). This request is pending. The Borough of River Edge makes no representations as to the outcome of Oradell's pursuit of an alternative educational and financial structure, nor the future impact of any changes to the current regional school district system on the amount of school taxes to be paid by the taxpayers of the Borough of River Edge.

In addition to those public schools, St. Peter the Apostle School, located within River Edge, operates K-8. Also located within the Borough is the Yeshiva of North Jersey. They offer pre-school through grade 8.

Public School Enrollment

<u>Fiscal Year</u>	<u>Elementary</u>	<u>High School</u>
1999-00.....	851	1228
2000-01.....	865	1233
2001-02.....	934	1313
2002-03.....	951	1364
2003-04.....	1005	1397
2004-05.....	1050	1382
2005-06.....	1080	1421
2006-07.....	1107	1471
2007-08.....	1130	1498
2008-09.....	1140	1527

Source: River Edge/River Dell Boards of Education

Other Information

New Construction 2003-2008 Based on Building Permits

<u>Year</u>	<u>Construction Permit</u>	<u>Value</u>
2008	602	\$ 8,715,124
2007	620	\$10,805,334
2006	683	\$23,362,040
2005	725	\$12,964,131
2004	673	\$ 8,721,149
2003	781	\$ 8,374,187

Source: Borough of River Edge Building Department

Population

<u>Year</u>	<u>Borough of River Edge</u>	<u>County of Bergen</u>
2008-July.....	10,674	894,840
2007-July.....	10,721	895,744
2006-July.....	10,862	904,037
2005-July.....	10,911	902,561
2000.....	10,946	884,118
1990.....	10,603	825,380
1980.....	11,111	845,385
1970.....	12,850	897,148
1960.....	13,264	780,255

Source: U.S. Census Report

MAJOR TAXPAYERS: The largest taxpayers located in the Borough are:

<u>TAXPAYER</u>	<u>CLASSIFICATION</u>	<u>ASSESSED VALUATION 2009</u>
River Terrace Gardens	Apartment	\$19,825,900.00
River Edge Associates	Apartment	\$15,761,300.00
Gainesborough Coop Corp.	Apartment	\$10,398,200.00
East Coast Storage	Storage Company	\$10,040,200.00
Grand Four Associates	Commercial Offices	\$ 8,649,300.00
First Real Estate Investment	Apartment	\$ 7,297,900.00
Verizon Communications	Utility	\$ 6,952,327.00
Route 4 Main St., LLC. (1)	Stores	\$ 5,625,000.00
Milpau Family, LLC.	Stores	\$ 5,032,600.00
Riverside Medical Arts Assoc.	Commercial Offices	\$ 4,066,200.00

(1) In 2008 the Huffman Koos furniture store went out of business. It sits on 3.86 acres of land; the building has since been demolished. The tax loss is estimated at \$130,275.00 and is currently the subject of rehabilitation or redevelopment.

EMPLOYMENT AND EMPLOYMENT COMPARISONS

Borough of River Edge

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemp.Rate</u>
2008	5,839	5,638	201	3.4
2007	5,812	5,659	153	2.6
2006	5,846	5,673	173	3.0
2005	6,078	5,910	168	2.8

NJ Dept. of Labor

County of Bergen

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemp.Rate</u>
2008	481,800	445,900	36,000	7.5%
2007	477,300	456,400	20,900	4.4%
2006	474,700	457,600	17,100	3.6%
2005	469,300	449,900	19,300	4.1%

State of New Jersey

<u>Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemp.Rate</u>
2008	4,547,800	4,154,100	393,700	8.7%
2007	4,502,600	4,267,000	235,500	5.2%
2006	4,547,700	4,350,500	197,200	4.3%
2005	4,466,800	4,251,100	215,710	4.8%

FINANCIAL INFORMATION
DEBT STATEMENTS

The Borough must report all new authorizations of debt or change in previously authorized debt to the Division of Local Government Services, Department of Community Affairs of the State of New Jersey (the "Division"). The Supplemental Debt Statement, as this report is known, must be submitted to the Division before final passage of any debt authorization. Before January 31 of each year, the Borough must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Borough as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division Monitors all local borrowing.

DEBT INCURRING CAPACITY
AS OF Dec. 31, 2008

Municipal:

1. Equalized Valuations (last three years average)	\$1,857,357,463
2. 3 1/2% Borrowing Margin	\$ 65,007,511
3. Net Debt Issued and Outstanding	\$ 10,108,906
4. Excess School Borrowing	NONE
5. Total Charges to Borrowing Margin	\$ 10,108,906
6. Remaining Municipal Borrowing (line 2 minus line 5) Capacity	\$ 54,898,605

School: River Dell Regional Board of Education (River Edge Share)

3.5% Borrowing Margin.....	\$65,007,511
Debt Issued, Outstanding and Authorized.....	\$10,192,610
Remaining School Borrowing Capacity.....	\$54,814,901

School: River Edge Local Board of Education

2.5% Borrowing Margin.....	\$46,433,937
Debt Issued, Outstanding and Authorized.....	\$21,643,000
Remaining School Borrowing Capacity.....	\$24,790,937

BOROUGH OF RIVER EDGE

**STATEMENT OF INDEBTEDNESS
AS OF DECEMBER 31, 2008**

General Purposes

Bonds, Note and Other Loans issued and Outstanding	
Bonds.....	\$8,490,000
Notes.....	0
Loans.....	228,208
Bonds and Notes authorized But Not Issued.....	1,390,698
	<u>\$10,108,906</u>

School

Local and Regional	
Bonds.....	\$31,835,610
Bonds and Notes Authorized But Not Issued	0
Total Gross Debt.....	<u>\$41,944,516</u>

Statutory Deductions

School Purposes.....	\$31,835,610
General Purposes.....	0
Total Net Debt	<u>\$10,108,906</u>

Overlapping Debt

County of Bergen (Note 1).....	\$6,558,880
Bergen County Utilities Authority (Solid Waste).....	-0-
Bergen County Utilities Authority (Water Pollution) (Note 2)	\$4,160,034
	<u>\$10,718,914</u>

Gross Debt

Per Capita (2000 Census-10,946).....	\$3,832
Percent of Net Valuation Taxable (2008-\$1,623,241,906)...	2.58%
Percent of Estimated True Value	
of Real Property (2008-\$1,886,012,601).....	2.22%

Net Municipal Debt

Per Capita (2000 Census-10,946).....	\$924
Percent of Net Valuation Taxable (2008-\$1,623,241,906)....	.62%
Percent of Estimated True Value	
of Real Property (2008-1,886,012,601).....	.54%

Overall Debt (Gross and Overlapping Debt)

Per Capital (2000 Census-10,946).....	\$4,811
Percent of Net Valuation Taxable (2008-\$1,623,241,906)....	3.24%
Percent of Estimated True Value of	
Real Property (2008-\$1,886,012,601).....	2.79%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the Borough to all municipalities within the County, as provided in the 2008 Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon the Borough's proportion of usage with the Authority.

GROSS AND STATUTORY NET DEBT
AS OF DECEMBER 31
(EXCLUSIVE OF OVERLAPPING DEBT)

<u>YEAR</u>	<u>GROSS DEBT AMOUNT</u>	<u>STATUTORY NET DEBT AMOUNT</u>	<u>PERCENTAGE</u>
2008	\$41,944,516	\$10,108,906	.540%
2007	\$44,184,303	\$10,625,705	.603%
2006	\$46,189,135	\$ 8,940,648	.556%
2005	\$47,253,455	\$ 9,330,532	.653%
2004	\$27,373,711	\$ 7,691,500	.608%

BOROUGH OF RIVER EDGE
SCHEDULE OF DEBT REQUIREMENTS
OUTSTANDING DEBT
AS OF October 1, 2009

<u>Year</u>	Outstanding Serial Bonds & Loans		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$210,000	\$ 54,000	\$ 264,000
2010	\$810,315	\$304,785	\$1,115,100
2011	\$808,695	\$274,897	\$1,083,592
2012	\$807,219	\$245,010	\$1,052,229
2013	\$797,797	\$214,987	\$1,012,784
2014	\$791,260	\$184,830	\$ 976,090
2015	\$796,730	\$154,410	\$ 951,140
2016	\$795,936	\$123,340	\$ 919,276
2017	\$781,553	\$ 91,895	\$ 873,448
2018	\$480,173	\$ 60,969	\$ 541,142
2019	\$482,728	\$ 42,309	\$ 525,037
2020	\$195,000	\$ 23,400	\$ 218,400
2021	\$195,000	\$ 15,600	\$ 210,600
2022	\$195,000	\$ 7,800	\$ 202,800
Total Bonds	\$8,147,406	\$1,798,232	\$9,945,638

ASSESSED VALUATIONS - LAND AND IMPROVEMENTS BY CLASS

<u>YEAR</u>	<u>VACANT</u>	<u>RESIDENTIAL & COMMERCIAL</u>	<u>INDUSTRIAL</u>	<u>APARTMENT</u>	<u>FARM</u>	<u>TOTAL</u>
2008	\$6,331,700	\$1,414,404,500	\$125,241,700	\$70,523,500	0	\$1,616,501,400
2007	\$7,055,300	\$1,402,078,700	\$132,811,800	\$70,886,900	0	\$1,612,832,700
2006	\$6,698,100	\$1,398,508,700	\$134,152,200	\$71,056,500	0	\$1,610,415,500
2005(1)	\$6,710,100	\$1,399,533,700	\$134,217,500	\$71,056,500	0	\$1,611,517,800
2004	\$1,466,700	\$706,664,000	\$80,189,350	\$38,388,000	0	\$ 826,708,050

ASSESSED VALUATIONS - NET VALUATIONS TAXABLE

<u>YEAR</u>	<u>REAL PROPERTY</u> <u>NET OF</u> <u>EXEMPTIONS</u>	<u>BUSINESS</u> <u>PERSONAL</u> <u>PROPERTY</u>	<u>NET</u> <u>VALUATION</u> <u>TAXABLE</u>	<u>RATIO OF</u> <u>ASSESSED VALUE</u> <u>TO TRUE VALUE</u> <u>OF REAL</u> <u>PROPERTY</u>	<u>TOTAL</u> <u>TRUE VALUE</u> <u>OF ASSESSED</u> <u>PROPERTY</u>
2008	\$1,616,501,400	\$6,740,506	\$1,623,241,906	85.71	\$1,886,012,601
2007	\$1,612,832,700	\$7,062,847	\$1,619,895,547	90.22	\$1,787,666,482
2006	\$1,610,415,500	\$7,045,356	\$1,617,460,856	99.95	\$1,611,221,111
2005(1)	\$1,611,517,800	\$7,498,646	\$1,619,016,446	100.00	\$1,611,517,800
2004	\$826,708,050	\$4,766,439	\$831,474,489	65.52	\$1,261,764,423

(1) Revaluation

SOURCE: Bergen County Equalization Table

CURRENT TAX COLLECTIONS

<u>YEAR</u>	<u>TOTAL LEVY</u>	<u>COLLECTION DURING YEAR OF LEVY</u>	
		<u>AMOUNT</u>	<u>PERCENTAGE</u>
2008	\$37,704,821.28	\$37,338,928.16	99.02%
2007	\$36,062,826.11	\$35,658,995.07	98.88%
2006	\$33,847,479.00	\$33,454,633.66	98.83%
2005	\$31,259,542.14	\$30,919,874.27	98.91%
2004	\$30,035,798.11	\$29,808,849.77	99.24%

TOTAL TAX REQUIREMENTS
INCLUDING SCHOOL AND COUNTY PURPOSES

<u>YEAR</u>	<u>TOTAL TAX REQUIREMENTS</u>	<u>LOCAL PURPOSES (1)</u>	<u>LOCAL SCHOOL</u>	<u>REGIONAL SCHOOL</u>	<u>COUNTY (1)</u>
2008	\$37,576,246	\$8,906,143	\$12,401,145	\$12,764,570	\$3,504,388
2007	\$35,954,530	\$8,458,049	\$12,372,030	\$11,857,796	\$3,266,655
2006	\$33,649,817	\$8,281,623	\$11,459,533	\$10,876,824	\$3,031,837
2005	\$31,177,794	\$8,237,821	\$10,125,068	\$9,944,300	\$2,870,605
2004	\$29,878,059	\$7,845,918	\$9,574,044	\$9,799,862	\$2,658,235

DELINQUENT TAXES AND TAX TITLE LIENS
AS OF DECEMBER 31ST

<u>YEAR</u>	<u>TAX TITLE LIENS</u>	<u>DELINQUENT TAXES</u>	<u>TOTAL</u>	<u>PERCENTAGE OF LEVY</u>
2008	\$16,593.40	\$330,083.58	\$346,676.98	.91%
2007	\$12,271.74	\$361,294.67	\$373,566.41	1.04%
2006	\$11,054.95	\$323,316.67	\$334,371.62	1.07%
2005	\$4,229.28	\$265,996.74	\$270,226.02	.86%
2004	\$ 627.90	\$212,018.07	\$212,645.97	.71%

ASSESSED VALUATIONS OF PROPERTY OWNED BY THE
BOROUGH OF RIVER EDGE REQUIRED FOR TAXES

2008	NONE
2007	NONE
2006	NONE
2005	NONE
2004	NONE

(1) Includes Open Space Levy

COMPONENTS OF REAL ESTATE TAX RATE
(PER \$1,000 OF ASSESSMENTS)

<u>YEAR</u>	<u>MUNICIPAL (1)</u>	<u>LOCAL SCHOOL</u>	<u>REGIONAL SCHOOL</u>	<u>COUNTY (1)</u>	<u>TOTAL</u>
2008	.549	.764	.786	.217	2.32
2007	.523	.764	.732	.201	2.22
2006	.522	.709	.672	.187	2.09
2005 (2)	.512	.626	.614	.178	1.93
2004	.956	1.151	1.179	.314	3.60

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>FUND BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund (3)	2008	\$2,384,813.08	\$2,300,000.00
	2007	\$4,939,174.26	\$3,449,000.00
	2006	\$6,958,096.07	\$3,449,000.00
	2005	\$7,833,841.10	\$2,486,290.00
	2004	\$9,033,006.67	\$2,030,686.00

- (1) Includes Open Space rate
(2) Revaluation
(3) Includes Deferred School Tax

BOROUGH OF RIVER EDGE
2009 MUNICIPAL BUDGET

CURRENT FUND

Anticipated Revenues:

Fund Balance	\$ 2,300,000.00
Miscellaneous Revenues	2,424,404.39
Receipts from Delinquent Taxes	312,000.00
Amount to be raised by Taxation for Municipal Purposes	<u>9,037,854.00</u>
Total Anticipated Revenues	\$14,074,258.39 =====

Appropriations

Within "CAPS"

Operations Including Contingent	\$9,747,411.00
Deferred Charges and Statutory Expenditures	721,073.96
Excluded from "CAPS	
Operations	1,907,668.17
Capital Improvements	91,095.00
Municipal Debt Service	1,139,500.00
Deferred Charges	70,460.67
Judgments	0.00
Reserve for Uncollected Taxes	<u>397,049.59</u>

TOTAL APPROPRIATIONS	\$14,074,258.39 =====
----------------------	--------------------------

PROVISIONS OF CERTAIN STATUTES WITH
RESPECT TO GENERAL OBLIGATION DEBT

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

The "Local Bond Law" governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes.

Debt Limits

The authorized bonded indebtedness of a municipality is limited by statute, subject to certain exceptions, to an amount equal to 3 ½% of its equalized valuation basis. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding 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. Pursuant to law, the Borough has deducted its proportionate share of the full amount of authorized school debt. The Borough's statutory net debt as of October 1, 2009 is .606% compared to a statutory limit of 3.5%.

Exceptions to Debt Limits - Extensions of Credit

The debt limit of a municipality may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization would exceed its debt limit, the municipality 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 ability of the municipality to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Local Finance Board to fund certain notes, for self-liquidating purposes and, in each fiscal year 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 the utility or assessment purposes).

Short Term Financing

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

School Debt Subject to Voter Approval

State Law permits 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 municipality's share of available borrowing capacity. If such debt be in excess of school district debt limit and the remaining borrowing capacity of the municipality, the State Commissioner of Education and the Local Finance Board must approve the proposed authorization before it is submitted to the voters.

The Municipal Finance Commission (N.J.S. 52:27-1 et seq.)

The Municipal Finance Commission was created in 1931 to assist in the financial rehabilitation of municipalities which had defaulted in their obligations. The powers of such Commission are exercised today by the Local Finance Board. Several elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the statutory provisions are available to assist the efforts of restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the Superior Court of New Jersey. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations, may place the municipality under the jurisdiction of the Municipal Finance Commission.

The Municipal Finance Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for the community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Bankruptcy Act. Such Act has been substantially revised in 1976 so as to permit municipalities to have access to bankruptcy court for protection against suits by bondholders and without prior warranty for creditor's approvals in case of impending default.

The Local Finance Board also serves as the "funding commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such funding commission for the proposed reorganization of its debt.

The Local Budget Law (N.J.S. 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 operating budget in the form required by the Division. Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

Tax anticipation notes are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty days after the close of the fiscal year in which they were issued.

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

Limitation on Municipal Appropriations and Tax Levy

A statute passed in 1976, as amended and supplemented (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. While the Cap Law restricts the ability of a municipality to increase its overall appropriations, the payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the Cost-of-Living Adjustment ("COLA"). Increases up to 3.5% are allowed by adoption of an ordinance whenever the COLA is less than 2.5%. If the COLA is greater than 2.5%, an increase in any amount above 2.5% will be permitted by adoption of an ordinance to 3.5% and beyond 3.5% upon passage of a referendum. The COLA is the rate of annual percentage increase in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other items including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. The Cap Law does not limit the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service.

Chapter 62 of the Pamphlet Laws of 2007 imposed restrictions upon the allowable annual increase in the tax levy. In general, starting with the 2008 budgets, municipalities will have their tax levies limited to a four percent (4%) increase. The cap calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required to be added to the adjusted tax levy for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the percentage increase in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a municipality to submit a public question to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met. Neither cap law limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service.

The Borough appropriation and tax levy increases for 2008 were within the limits allowed by the Cap Law and Chapter 62, taking into account applicable adjustments and without requesting any waivers from the Local Finance Board. The 2009 Budget is also within the appropriation and tax levy increase limits, with applicable adjustments, including approval by the Local Finance Board of a \$387,100 waiver of the tax levy increase limit.

Miscellaneous Revenues

Section 26 of the Local Budget Law provides that: "No miscellaneous revenue 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 the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's fiscal year. Grant revenue is generally not realized, however, until received in cash.

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.40A:4-29 delineates 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 their first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

Section 41 of the Local Budget Law provides with regard to current taxes that: "Receipt from the collection of taxes levied or to be levied in the municipality and payable in the fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year."

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

Levy required to balance budget

Prior year's percentage of Current = Total taxes to be Levied
Tax Collections (or lesser %)

Chapter 28 of the Pamphlet Laws of 1997 of New Jersey amended Section 41 of the Local Budget Law to allow municipalities to reduce the reserve for uncollected taxes by taking into account prior year tax reductions resulting from tax appeal judgments awarded to property owners. Another statute, Chapter 99 of the Pamphlet Laws of 1997 of New Jersey, allows a municipality to (1) reduce the reserve for uncollected taxes by deducting receipts anticipated during the fiscal year from the sale of unpaid taxes or municipal liens when such sale is concluded in the final month of the fiscal year or (2) not budget for the reserve for uncollected taxes if it sells its total property tax levy pursuant to such statute. See "ASSESSMENT AND COLLECTION OF TAXES-Tax Collection Procedure" herein for a brief discussion of Chapter 99.

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 governing body of the municipality. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects, such as ice, snow, and flood damage to streets, roads, and bridges, which may be amortized over three years, and tax map preparation, revisions of ordinances and master plan preparations, which may be amortized over five years.

The Borough has from 2004 to 2008 deferred \$257,150.00 in appropriations, to codify its ordinances and for a revaluation.

In 2004 the Borough deferred \$164,900.00 for Police overtime and garbage collection expenses. In 2005 the Borough deferred \$24,600.00 for petroleum products and in 2006 \$91,000.00 for petroleum products and a storm system repair. In 2007 the Borough deferred \$30,000.00 for a down-payment on an improvement. In 2008, the Borough deferred \$10,500.00 for interest on a Tax Anticipation Note.

Deferred School Tax

Effective March 14, 1991, the State of New Jersey revised the accounting for school taxes collected by municipalities on a school fiscal year method (July 1-June 30). The fiscal year method would raise taxes six months prior to the school's request for the tax levy. Thus, a municipality would normally maintain an accounts payable to the School for 50% of the school levy.

Chapter 63, P.L. 1991, required these municipalities to defer this school tax liability over a four year period commencing January 1, 1991. The amounts deferred would be recorded as municipal surplus and must be used to offset the municipality's property tax levy.

On March 17, 1993, the Governor of the State of New Jersey signed Chapter 83, P.L. 1983, which further amended the accounting requirements for school taxes as previously required by Chapter 63, P.L. 1991. It is now no longer mandatory for municipalities to defer school taxes.

The Borough since 1996 has drawn down on the deferred school tax reserve to support operations.

The following schedule provides a listing of the Deferred School Tax:

	Deferred School Tax		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
School Tax Deferral.....	\$12,550,471	\$12,062,918	\$11,135,625

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 are not subject to the same year-end transfer restrictions, they are subject to internal review and approval by the governing body.

Fiscal Year

The Borough's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of the State (codified as N.J.S.A.40A:4-3.1) required municipalities with populations in excess of \$35,000 or which received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption was granted. Municipalities not meeting the criteria for a mandatory change had the option to choose to change to the state fiscal year. N.J.S.A.40A:4-3.1 was amended by P.L. 2000, Ch. 126, to eliminate the criteria for a mandatory change of the fiscal year, but to continue to grant all municipalities the option to change to the State fiscal year. The Borough did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

Government Accounting Standards Board

Government Accounting Standards Board Statement 45, - "Other Post-Employment Benefits," (OPEB) are non-pension benefits that a government has contractually or otherwise agreed to provide employees once they have retired. Most commonly, OPEB include retirement health insurance coverage, though some local units may provide other benefits. New Jersey budget and financial reporting laws do not require local units to budget amounts that exceed their current cash cost or to reflect the long-term liability on their balance sheet. GASB Statement 45 describes the disclosure requirements for the Notes to the Financial Statements that are required by local units. Chapter 88, P.L. 1974 allows local employers participating in the State Health Benefits Program (SHBP) to pay the premium charges for certain eligible pensioners and their dependents. The Borough of River Edge never adopted Chapter 88, P.L. 1974 and does not have any other Post Employment Benefits which would be subject to reporting.

Budget Process

Primary responsibility for the Borough's budget process lies with the Borough Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local government unit. In the first quarter in which the budget formulation is taking place, the Borough operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Borough may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

Investment of Municipal Funds

Investment of funds by New Jersey municipalities is governed by State statute. Pursuant to N.J.S.A.40A:5-15.1, municipalities are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America ("Government Obligations"); (2) U.S. Government money market mutual funds; (3) obligations of Federal Government agencies or instrumentalities having a maturity of 397 days or less, provided such obligations bear a fixed rate of interest not dependent on any index or external factor; (4) bonds or other obligations of the particular municipality or a school district encompassing the geographic area of the particular municipality; (5) bonds or other obligations having a maturity of 397 days or less approved by the Division of Investment of the State Department of the Treasury; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities and repurchase agreements fully collateralized by securities set forth in (1) and (3) above; (7) deposits with the New Jersey Cash Management Fund (created pursuant to N.J.S.A. 52:18A-90.4; the "Cash Management Fund"); and (8) repurchase agreements with a maximum 30 day maturity fully collateralized by securities set forth in (1) and (3) above. Municipalities are required to deposit their funds in interest-bearing bank accounts in banks satisfying certain security requirements set forth in N.J.S.A.17:9-41 et seq. or invest in permitted investments to the extent practicable, and may invest in bank certificates of deposit.

The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to invest in Government Obligations, Federal Government Agency Obligations, certain short-term investment grade corporate obligations, commercial paper rated "prime", certificates of deposit, repurchase agreements involving Government Obligations and Federal Government Agency Obligations and certain other types of instruments. The average maturity of the securities in the Cash Management Fund must be one year or less, and only a quarter of the securities are permitted to mature in as much as two years.

The Borough has no investments in derivatives.

2009 CAPITAL BUDGET AND CAPITAL IMPROVEMENT PROGRAM

In accordance with Sections 43 to 45 of the Local Budget Law and Sections 5:30-4.1 et. seq. of the New Jersey Administrative Code, each municipality must adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. The capital budget, when adopted, does not constitute the authorization of a capital project, the appropriation of funds or the authorization of debt; rather, it sets forth the proposed capital projects with an estimated completion schedule and proposed sources of funding. Specific authorization to undertake capital projects, appropriate funds and incur indebtedness must be provided by other actions of the governing body: by a bond ordinance, by inclusion in the Capital Improvement section of the operating budget, by a capital ordinance (appropriating funds previously provided for capital projects, but not authorizing debt) or other lawful means such as appropriating grant funds. No bond ordinance may be adopted unless the project it authorizes debt for is included in the municipality's capital budget.

A capital improvement program, setting forth a multi-year plan for capital projects and their financing must be adopted at the same time as the capital budget. The capital budget is the first year of the Capital Improvement Program. Municipalities with populations less than 10,000 provide a minimum three-year program; municipalities with populations over 10,000 must provide a six-year program.

Summary of the 2009 Adopted Capital Budget

2009 Capital Program

Total Estimated Project Costs		<u>\$6,685,515.00</u>
-------------------------------	--	-----------------------

Planned Funding

Capital Improvement Fund	\$ 91,095.00	
Debt to be Authorized	6,268,005.00	
Grants-In-Aid/Other Funds	<u>326,415.00</u>	<u>\$6,685,515.00</u>

Total Estimated Project Costs

2009	\$ 2,094,315.00	
2010	1,552,700.00	
2011-2014	<u>3,038,500.00</u>	<u>\$6,685,515.00</u>

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Real property taxes are assessed locally based upon assessment at true value. The tax bill includes a levy for Borough, County and School purposes. Tax bills are mailed annually in June. Taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. If unpaid once a ten day grace period after the due date expires, the amount due becomes delinquent as of the due date and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. An additional penalty of 6% is calculated at year end on any delinquent taxes in excess of \$10,000. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15 to the County by the Borough. Annually, all properties with unpaid taxes for the previous year are placed on a tax sale in accordance with the New Jersey Statutes. Annual interim tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough.

The last all inclusive tax sale of unpaid delinquent taxes and assessments was held on December 2, 2008.

Chapter 99 of the Pamphlet laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

Tax Appeals

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

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

This law regulates the non-budgetary financial activities of local governments. The governing body of every local unit must cause an annual, independent audit of the local unit's accounts for the previous year to 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 Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published at least once in a local newspaper within 30 days after the clerk of the local unit shall have received the audit. (The entire annual audit report is filed with the Borough Clerk and is available for review during business hours.) A Corrective Action Plan addressing the audit findings and recommendations is prepared by the Chief Financial Officer and submitted by the local unit to the Director.

The Chief Financial Officer of every local unit must file annually with the Director, a verified statement of the financial condition of the local unit as of the close of each fiscal year.

SECONDARY MARKET DISCLOSURE

The Borough has agreed, pursuant to a resolution adopted on September 21, 2009, to undertake for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12. Specifically, the Borough will do the following for the benefit of the holders of the Bonds and the beneficial owners thereof:

- (A) Not later than seven months after the end of the Borough's fiscal year (presently December 31), commencing with the report for the fiscal year ending December 31, 2009, provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format, as prescribed by the MSRB, annual financial information with respect to the Borough consisting of (i) audited financial statements (or unaudited financial statements if audited financial statements are not then available by the date of filing, which audited financial statements will be delivered when and if available) of the Borough and (ii) certain financial information and operating data consisting of (a) information concerning the Borough's debt, overlapping indebtedness, tax rate, levy and collection data, property valuation and fund balance of the type contained under the heading "FINANCIAL INFORMATION" herein and (b) the Borough's most recent adopted budget. The audited financial statements will be prepared in accordance with mandated State statutory accounting principles, as in effect from time to time. Audited financial statements if not available by the filing date will be submitted separately when available.
- (B) Provide or cause to be provided to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material:
 - (1) Principal or interest payment delinquencies;
 - (2) Non-payment related defaults;
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (5) Substitution of credit or liquidity providers, or their failure to perform;
 - (6) Adverse tax opinions or events affecting the tax exempt status of the Bonds;
 - (7) Modifications to the rights of Bondholders;
 - (8) Bond calls
 - (9) Defeasances
 - (10) Release, substitution or sale of property which secures the repayment of the Bonds; and
 - (11) Rating changes.
- (C) Provide or cause to be provided, in a timely manner, to the MSRB notice of a failure of the Borough to provide required annual financial information on or before the date specified above.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

If the Borough fails to comply with the above-described undertaking, any Bondholder or beneficial owner of the Bonds may pursue an action for specific performance to enforce the rights of all Bondholders and beneficial owners with respect to such undertaking; provided, however, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Bonds or any liability by the Borough for monetary damages. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Bondholders and beneficial owners of the Bonds.

The Borough reserves the right to terminate its obligation to provide annual financial information and notice of material events, as set forth above, if and when the Borough no longer remains an "obligated person" with respect to the Bonds within the meaning of Rule 15c2-12.

The undertaking may be amended by the Borough from time to time, without the consent of the Bondholders or the beneficial owners of the Bonds, in order to make modifications required in connection with a change in legal requirements or change in law, or a change in identity, nature, type of operation or status of the Borough, which in the opinion of nationally recognized bond counsel complies with Rule 15c2-12 and does not, in such bond counsel's opinion, materially impair the interest of the Bondholders and the beneficial owners of the Bonds.

The Borough has never failed to provide required annual financial information.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Bonds and other amounts and rebate of certain arbitrage earnings to the United States. Noncompliance by the Borough with such requirements may cause interest on the Bonds to be included in gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

The Borough has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The Borough's Tax Certificate (the "Tax Certificate") which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Borough, in executing the Tax Certificate, will certify to the effect that the Borough expects and intends to comply with the provisions and procedures contained therein.

In rendering the opinion described below with respect to the Bonds, Bond Counsel has relied upon the covenant and has assumed the material accuracy of the representations, statements of intention and reasonable expectations and certifications of fact contained in the Tax Certificate.

Tax Opinions

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with the Tax Certificate, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; nor is it included in "adjusted current earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. For other Federal tax information, see "TAX MATTERS - Additional Federal Income Tax Consequences" herein.

In the opinion of Bond Counsel, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof.

Additional Federal Income Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of governmental obligations, such as the Bonds, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from the ownership of the Bonds. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

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

LITIGATION

There is no litigation pending or threatened restraining or enjoining the issuance or the delivery of the Bonds or the levy or the collection of taxes to pay the Bonds or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes. There is at present no single action pending or threatened against the Borough which would impose an undue financial burden on the Borough. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Borough is a party-defendant in certain law suits, none of a kind unusual for a municipality of its size, and none of which, in the opinion of the Borough Attorney would adversely impair the Borough's ability to pay its bondholders. All of the Borough's tort actions are being defended by an insurance company or insurance fund. Pending municipal real estate appeals are limited in number and, based upon the Borough's prior experience in tax appeals, and assuming that such tax appeals are resolved adversely to the interest of the Borough, such resolution would not in any way endanger the Borough's ability to pay its bondholders.

LEGALITY FOR INVESTMENT

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

RATING

The Borough has applied for a rating on the Bonds from Standard & Poor's U.S. Public Finance Ratings ("Standard & Poor's").

An explanation of the significance of such credit rating, may be obtained from Standard & Poor's, 55 Water Street, New York, New York 10041. The Borough furnished Standard & Poor's with certain information and materials concerning the Bonds and the Borough. Generally, Standard & Poor's bases its ratings on such information and materials and also on such investigations, studies and assumptions that it may undertake independently. The rating is not a recommendation to buy, sell or hold the Bonds and there can be no assurance that any such rating will be maintained for any given period of time or that such rating may not be raised, lowered or withdrawn entirely if, in Standard & Poor's judgment, circumstances so warrant. Any downward change in or withdrawal of any such rating may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

The Bonds have been purchased at public sale from the Borough for resale by the purchasers (the "Underwriters").

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

Upon delivery of the Bonds, the Borough shall furnish a certificate of the Borough Attorney, dated the date of delivery of the 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 Bonds, or in any way contesting or affecting the validity of the 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 Bonds. In addition, such certificate shall state that there is no litigation of any nature now pending, or threatened by or against the Borough wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Borough or adversely affect the power of the Borough to levy, collect and enforce the collection of taxes or other revenues for the payment of its bonds, which has not been disclosed in this Official Statement.

Legal Matters

The legality of the Bonds will be subject to the approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. Such opinion will be to the effect that:

1. The Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Borough, enforceable in accordance with their terms, except as enforcement of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.
2. The Borough has pledged its full faith and credit for the payment of the principal of and interest on the Bonds, and, unless paid from other sources, the Borough is authorized and required by law to levy on all real property taxable by the Borough such ad valorem taxes as may be necessary to pay the Bonds and the interest thereon without limitation as to rate or amount.

Rogut McCarthy LLC has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement and will not express, and has not been requested to express, an opinion as to the accuracy, completeness or fairness of such statements. See Appendix B, "Proposed Form of Bond Counsel Opinion".

Certificates of Borough Officials

The original purchaser of the Bonds shall also receive a certificate dated as of the date of delivery of the Bonds and signed by the Borough Administrator/Chief Financial Officer of the Borough certifying that (a) as of the date of the Official Statement furnished by the Borough in relation to the Bonds, said Official Statement did 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 were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the Borough is not guaranteed as to accuracy, completeness or fairness, such officer has no reason to believe and does not believe that such information is materially inaccurate or misleading and (b) to the knowledge of such officer, since the date of said Official Statement and since the date of sale of the Bonds, there have been no material transactions not in the ordinary course of affairs entered into by the Borough and no material adverse change in the general affairs of the Borough or in its financial condition as shown in said Official Statement, other than as disclosed in or contemplated by said Official Statement, provided such certificate shall not include consideration of information supplied by or which should have been supplied by the successful bidder for the Bonds. In addition, the original purchaser of the Bonds, shall also receive certificates in form satisfactory to Rogut McCarthy LLC, Bond Counsel, evidencing the proper execution and delivery of the Bonds and receipt of payment therefore, and a certificate dated as of the date of delivery of the Bonds, and signed by the officers who signed the Bonds, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of taxes to pay the Bonds or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds are issued, and that neither the corporate existence or boundaries of the Borough, nor the title of any of the officers of the Borough to their respective offices is being contested.

MISCELLANEOUS

All quotations from summaries and explanations of the provisions of the laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

This Official Statement is not to be construed as a contract or agreement between the Borough and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement or any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the Borough, the State or any of their agencies or authorities since the date thereof.

ADDITIONAL INFORMATION

Additional information may be obtained on request from the office of the Borough Administrator/Chief Financial Officer, Borough of River Edge, 705 Kinderkamack Road, River Edge, New Jersey 07661, telephone (201) 599-6300.

PREPARATION OF OFFICIAL STATEMENT

Ferraioli, Wielkottz, Cerullo & Cuva, P.A. assisted in the preparation of information contained in this Official Statement and takes responsibility for the audited financial statements to the extent specified in the Independent Auditor's Report.

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

APPROVAL OF OFFICAL STATEMENT

Prior to the delivery of the Bonds, the Borough Council will have adopted a resolution approving this Official Statement, deeming it a "final official statement" for the purposes of Rule 15c2-12 and directing the Borough Administrator/Chief Financial Officer to deliver a reasonable number of copies thereof in final form to the purchaser of the Bonds for its use in the sale, resale or distribution of the Bonds.

This Official Statement has been duly executed and delivered on behalf of the Borough by the Borough Administrator/Chief Financial Officer.

BOROUGH OF RIVER EDGE

By: /s/
Alan P. Negreann
Borough Administrator/
Chief Financial Officer

Dated: _____, 2009

APPENDIX A

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE
BOROUGH OF RIVER EDGE

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

July 13, 2009

The Honorable Mayor and
Members of the Borough Council
Borough of River Edge
River Edge, New Jersey 07661

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Borough of River Edge in the County of Bergen, as of and for the years ended December 31, 2008 and 2007, and the related statements of operations and changes in fund balance-regulatory basis for the years then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2008. These financial statements are the responsibility of the Borough of River Edge's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed below, we conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Length of Service Awards Program of the Borough of River Edge has not been audited, and we were not engaged to audit The Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

FWCC


Honorable Mayor and
Members of the Borough Council
Page 2.


In our opinion, because of the Borough of River Edge's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of River Edge, New Jersey as of December 31, 2008 and 2007 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of River Edge, New Jersey at December 31, 2008 and 2007, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2008, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 13, 2009 on our consideration of the Borough of River Edge's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing results of our audit.

Our audit was for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, schedules and exhibits listed in the table of contents are not required parts of the financial statements, but are presented as additional analytical data, as required by the Division of Local Government Services. This information has been subjected to the tests and other auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.


Steven D. Wielkottz, C.P.A.
Registered Municipal Accountant
No. 413


FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

July 13, 2009

FWCC

Borough of River Edge, N.J.

Page 1 of 2

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	4,261,639.73	6,724,166.60
Change Fund	A-7	250.00	250.00
		<u>4,261,889.73</u>	<u>6,724,416.60</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	330,083.58	361,294.67
Tax Title Liens Receivable	A-10	16,593.40	12,271.74
Revenue Accounts Receivable	A-11	8,306.45	10,705.58
Interfund Receivables:			
Animal License Fund	A-12	8,819.71	
		<u>363,803.14</u>	<u>384,271.99</u>
Deferred Charges:			
Emergency Authorizations	A-13	10,500.00	30,000.00
Special Emergency Authorizations	A-14	49,260.11	106,553.00
		<u>59,760.11</u>	<u>136,553.00</u>
		<u>4,685,452.98</u>	<u>7,245,241.59</u>
Federal and State Grant Fund:			
Interfund - Current Fund	A-5	47,556.64	42,539.01
Grants Receivable	A-15	69,662.80	138,767.64
		<u>117,219.44</u>	<u>181,306.65</u>
Total Assets		<u>4,802,672.42</u>	<u>7,426,548.24</u>

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

Borough of River Edge, N.J.

Page 2 of 2

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-16	402,872.72	359,560.67
Encumbrances Payable	A-17	730,223.55	767,027.73
Prepaid Taxes	A-18	174,891.43	195,941.84
Due from State of NJ Senior Cit. and Vet. Ded.	A-19	7,949.54	8,450.50
Interfund - Grant Fund	A	47,556.64	42,539.01
Tax Overpayments	A-24		39,863.44
Accounts Payable	A-24	276,025.18	191,083.51
Due to New Jersey Transit	A-24		32,906.25
Reserve for:			
Tax Map Revisions	A-24		2,730.00
Revaluation	A-24		5,817.08
Garden State Preservation Trust	A-24	23,393.28	26,204.79
Sale of Municipal Assets	A-24	33,233.66	16,146.98
Tax Appeals Pending	A-24	240,690.76	233,523.54
		<u>1,936,836.76</u>	<u>1,921,795.34</u>
Reserve for Receivables	Contra	363,803.14	384,271.99
Fund Balance	A-1	<u>2,384,813.08</u>	<u>4,939,174.26</u>
		<u>4,685,452.98</u>	<u>7,245,241.59</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-25	114,979.44	163,347.93
Unappropriated Reserve for Grants	A-26	2,240.00	17,958.72
		<u>117,219.44</u>	<u>181,306.65</u>
Total Liabilities, Reserves, and Fund Balance		<u>4,802,672.42</u>	<u>7,426,548.24</u>

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

Borough of River Edge, N.J.

Comparative Statement of Operations and
Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	3,449,000.00	3,449,000.00
Miscellaneous Revenue Anticipated	A-2	2,087,908.43	2,495,435.30
Receipts from Delinquent Taxes	A-2	339,579.30	326,248.14
Receipts from Current Taxes	A-2	37,281,450.33	35,605,992.90
Non-Budget Revenue	A-2	57,723.20	239,921.31
Other Credits to Income:			
Stale Dated Checks Voided	A-4	2,042.16	439.71
Cancellation of Appropriated Reserves for Grants	A-5	12,337.82	15,860.08
Statutory Excess in Animal Control Trust	A-12	8,819.71	
Unexpended Balance of Appropriation Reserves	A-16	276,986.62	193,765.96
Cancelled - Reserve for Tax Maps	A-24	2,730.00	
Cancelled - Tax Overpayments	A-24	2.44	
Cancelled - Accounts Payable	A-24	49,630.22	18,445.80
Cancelled - Sales and Use Tax	A-24	0.35	
Cancelled - Reserve for Tax Appeals	A-24	6,149.32	17,270.90
Interfunds Returned	A-12		1,398.00
Total Revenues and Other Income		<u>43,574,359.90</u>	<u>42,363,778.10</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	6,096,789.00	5,949,021.00
Other Expenses	A-3	6,402,338.88	6,404,497.32
Capital Improvements	A-3	31,247.00	201,607.00
Municipal Debt Service	A-3	1,206,845.99	1,119,637.53
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	569,731.38	529,813.00
Refund/Adjustment of Prior Year Revenue	A-4	6,417.05	799.60
Cancellation of Federal and State Grants Receivable	A-5	12,337.82	14,882.79
Local District School Tax	A-20	12,366,979.63	11,935,223.02
Regional High School Tax	A-21	12,311,183.36	11,367,309.96
Municipal Open Space Taxes	A-22	162,811.55	162,445.34
County Taxes including Added Taxes	A-23	3,514,945.82	3,275,813.24
Interest on Pending Tax Appeals	A-24	2,873.89	2,650.11
Interfund Advances	A-12	8,819.71	
Total Expenditures		<u>42,693,321.08</u>	<u>40,963,699.91</u>

Borough of River Edge , N.J.

Comparative Statement of Operations and
Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Excess (Deficit) Revenue Over Expenditures		881,038.82	1,400,078.19
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year	A-13, A-14	<u>13,600.00</u>	<u>30,000.00</u>
Statutory Excess to Fund Balance		894,638.82	1,430,078.19
Fund Balance, January 1,	A	<u>4,939,174.26</u>	<u>6,958,096.07</u>
		5,833,813.08	8,388,174.26
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>3,449,000.00</u>	<u>3,449,000.00</u>
Fund Balance, December 31,	A	<u><u>2,384,813.08</u></u>	<u><u>4,939,174.26</u></u>

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

Borough of River Edge, N.J.

Exhibit A-2

Statement of Revenues - Regulatory Basis

Page 1 of 3

Current Fund

Year Ended December 31, 2008

	Ref.	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	<u>3,449,000.00</u>	<u>3,449,000.00</u>	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	10,396.00	12,055.00	1,659.00
Fees and Permits				
Other	A-2	44,000.00	43,353.89	(646.11)
Fines and Costs:				
Municipal Court	A-11	133,500.00	132,721.65	(778.35)
Interest and Costs on Taxes	A-8	74,000.00	74,860.29	860.29
Parking Meters	A-11	8,000.00	9,163.00	1,163.00
Interest on Investments	A-11	180,000.07	76,030.06	(103,970.01)
Parking Lot Fees	A-11	17,087.00	22,644.22	5,557.22
Energy Receipts Tax	A-11	1,081,428.00	1,081,428.00	
Consolidated Municipal Property Tax Relief Aid	A-11	276,710.00	281,356.00	4,646.00
Garden State Preservation Trust	A-24	26,204.79	26,204.79	
Uniform Construction Code Fees	A-11	200,000.00	153,466.00	(46,534.00)
Special Items of General Revenue Anticipated				
With Prior written Consent of Director of				
Local Government Services:				
Interlocal Municipal Service Agreements				
County of Bergen - Snow Removal	A-11	5,000.00	4,720.00	(280.00)
Public and Private Revenues:				
Recycling Tonnage Grant	A-15	7,798.55	7,798.55	
Drunk Driving Enforcement Fund	A-15	2,986.09	2,986.09	
Alcohol Education and Rehabilitation Fund	A-15	642.55	642.55	
Clean Communities Program	A-15	12,576.26	12,576.26	
Municipal Alliance on Alcoholism & Drug Abuse	A-15	12,750.00	12,750.00	
Handicapped Recreation Opportunities Grant	A-15	2,000.00	2,000.00	
Donation Handicapped Rec. Opportunities Grant	A-15	400.00	400.00	
Nursing Services for Public School	A-15	30,377.00	30,377.00	
Body Armor Replacement Grant	A-15	4,298.43	4,298.43	
Obey the Signs	A-15	3,700.00	3,700.00	
DGL 2008 Enforcement and Education Grant	A-15	2,000.00	2,000.00	
Cooperative Housing Inspection Grant	A-15	1,965.00	1,965.00	
Domestic Violence Police Training Grant	A-15	500.00	500.00	
Donation Memorial Park Bench Program	A-11	1,000.00	1,000.00	
Donation Memorial Park Flag Pole	A-11	2,275.00	2,275.00	
Other Special Items:				
Uniform Fire Safety Act	A-11	11,327.65	11,501.42	173.77
Cable Television Fees	A-11	43,557.03	43,557.03	
Reserve for Sale of Assets	A-24	6,900.00	6,900.00	
Police Outside Duty	A-11	4,000.00	19,678.20	15,678.20
Trust Assessment Surplus	A-4	3,000.00	3,000.00	
Total Miscellaneous Revenues	A-1	<u>2,210,379.42</u>	<u>2,087,908.43</u>	<u>(122,470.99)</u>
Receipts from Delinquent Taxes	A-1/A-2	<u>350,000.00</u>	<u>339,579.30</u>	<u>(10,420.70)</u>
Subtotal General Revenues		<u>6,009,379.42</u>	<u>5,876,487.73</u>	<u>(132,891.69)</u>
Amount to be Raised by Taxes for Support of				
Municipal Budget - Local Tax for Municipal				
Purposes Including Reserve for Uncollected Taxes	A-2	<u>8,743,819.00</u>	<u>8,869,014.72</u>	<u>125,195.72</u>
Budget Totals		<u>14,753,198.42</u>	<u>14,745,502.45</u>	<u>(7,695.97)</u>
Non-Budget Revenue	A-1/A-2		<u>57,723.20</u>	<u>57,723.20</u>
		<u>14,753,198.42</u>	<u>14,803,225.65</u>	<u>50,027.23</u>
Adopted Budget	A-3	14,699,648.12		
Appropriated by N.J.S. 40A:4-87	A-3	<u>53,550.30</u>		
		<u>14,753,198.42</u>		

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

Borough of River Edge, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2008

Page 2 of 3

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-8	37,338,928.16
Less: Reserve for Tax Appeals Pending	A-24	<u>57,477.83</u>
	A-1	37,281,450.33
Allocated to School, Municipal Open Space and County Taxes	A-9	<u>28,843,472.77</u>
Balance for Support of Municipal Budget Appropriations		8,437,977.56
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>431,037.16</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>8,869,014.72</u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-9	<u>339,579.30</u>
	A-2	<u>339,579.30</u>
Fees and Permits - Other:		
Clerk	A-11	11,594.09
Police	A-11	5,664.80
Board of Health	A-11	15,679.00
Fire	A-11	<u>10,416.00</u>
	A-2	<u>43,353.89</u>

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

Borough of River Edge, N.J.
Statement of Revenues - Regulatory Basis

Page 3 of 3

Current Fund

Year Ended December 31, 2008

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Revenue Accounts Receivable		
Planning Board	A-11	1,400.00
Board of Adjustment	A-11	3,750.00
Tax Collector	A-11	296.00
Tax Assessor	A-11	461.50
Rental of Borough Property	A-11	4,057.78
Insurance Refunds		2,353.83
Nor'easter Reimbursements		8,903.76
Crossing Guard Refunds		6,982.24
School Board Election Refund		520.00
Swim Club Lease and Sewer Maintenance		500.00
Bergen County Primary Election Refund		539.97
Bergen County Utilities Authority Connection Fee		1,372.16
Administrative Fee Senior Citizen & Veteran Report		2,736.40
Litigation - Settlement		12,837.99
Tax Premium Forfeit		2,100.00
NJ Division of Motor Vehicles Inspection Fines		1,835.00
Length of Service Award Program Remittance		2,088.74
PSE&G Decorative Light Prior Year Refund		1,131.50
Property Maintenance Refund		1,214.23
Board of Education Fuel Reimbursement		1,053.23
Miscellaneous / Contra		1,588.87
	A-4	<u>47,757.92</u>
	A-2	<u><u>57,723.20</u></u>

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

Borough of River Edge, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Operations - within "CAPS"						
General Government:						
General Administration		20,743.00	20,743.00	20,743.00		
Salaries and Wages		26,108.00	22,608.00	18,418.23	4,189.77	
Other Expenses						
Mayor and Council		29,000.00	29,000.00	29,000.00		
Salaries and Wages		4,703.00	4,703.00	3,809.77	893.23	
Other Expenses						
Municipal Clerk		130,685.00	124,185.00	123,923.59	261.41	
Salaries and Wages		64,225.00	59,225.00	54,824.43	4,400.57	
Other Expenses			3,100.00	3,100.00		
Codification of Ordinances						
Financial Administration		293,418.00	290,414.00	278,411.13	12,002.87	
Salaries and Wages						
Other Expenses		22,350.00	22,350.00	22,350.00		
Audit Services		20,940.00	19,939.00	16,696.64	3,242.36	
Other Expenses - Miscellaneous						
Tax Assessment Administration		41,667.00	41,667.00	32,626.00	9,041.00	
Salaries and Wages		4,100.00	4,100.00	2,119.81	1,980.19	
Other Expenses						
Economic Development		13,859.00	59.00		59.00	
Salaries and Wages		800.00	800.00	464.04	235.96	100.00
Other Expenses						
Revenue Administration		58,676.00	58,676.00	53,354.45	4,321.55	1,000.00
Salaries and Wages		9,778.00	9,778.00	8,910.43	867.57	
Other Expenses						
Legal Services & Costs		20,000.00	20,001.00	20,000.00	1.00	
Salaries and Wages		192,500.00	179,800.00	158,845.06	20,954.94	
Other Expenses						
Municipal Court		108,749.00	105,749.00	89,332.34	16,416.66	
Salaries and Wages		12,850.00	12,850.00	9,743.67	3,106.33	
Other Expenses						
Public Defender		1,500.00	1,500.00		1,500.00	
Other Expenses						
Engineering Services and Costs		187,000.00	229,000.00	228,252.57	747.43	
Other Expenses						
Historical Sites Office		350.00	350.00		150.00	200.00
Other Expenses						

Borough of River Edge, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Municipal Land Use Law : (N.J.S. 40:55D-11)						
Planning Board		15,361.00	15,261.00	13,282.37	1,778.63	200.00
Salaries and Wages		4,900.00	3,900.00	3,113.13	786.87	
Other Expenses						
Zoning Board of Adjustment		4,680.00	1,680.00	599.48	1,080.52	
Other Expenses						
Recycling		296,750.00	298,325.00	297,272.10	1,052.90	
Salaries and Wages		30,746.00	31,746.00	28,507.42	3,238.58	
Other Expenses						
Public Information		18,848.00	17,848.00	17,013.00	835.00	
Other Expenses						
Code Enforcement and Administration						
Other Code Enforcement Functions		34,326.00	33,326.00	27,624.73	3,701.27	2,000.00
Salaries and Wages		800.00	800.00	252.45	247.55	300
Other Expenses						
Insurance		188,200.00	188,200.00	184,896.82	3,303.18	
Liability Insurance		195,800.00	195,800.00	195,800.00		
Worker's Compensation		732,812.00	707,812.00	707,812.00		
Group Insurance Plan for Employees						
Public Safety:						
Fire		5,211.00	5,211.00	4,235.74	475.26	500.00
Salaries and Wages		135,800.00	135,800.00	130,493.45	5,306.55	
Other Expenses						
Uniform Fire Safety Act (P.L. 1983,C.383)		28,952.00	26,952.00	25,241.53	1,710.47	
Salaries and Wages		6,408.00	6,408.00	4,907.35	1,500.65	
Other Expenses						
Police		3,097,113.00	3,057,113.00	3,004,799.48	52,313.52	
Salaries and Wages		145,195.00	145,195.00	136,908.83	8,286.17	
Other Expenses						
Emergency Management Services		10,257.00	10,257.00	9,847.04	409.96	
Salaries and Wages		10,250.00	10,250.00	5,646.84	4,603.16	
Other Expenses						
Municipal Prosecutor		5,500.00	5,500.00	5,500.00		
Salaries and Wages		1,000.00	1,000.00	241.59	758.41	
Other Expenses						

Borough of River Edge, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Streets and Roads:						
Road Repairs and Maintenance		922,968.00	895,443.00	829,525.48	65,917.52	
Salaries and Wages		81,102.00	91,102.00	80,446.50	10,655.50	
Other Expenses						
Other Public Works Functions		11,875.00	11,875.00	11,875.00		
Other Expenses						
Shade Tree Commission (N.J.S.A. 40:64-1)		25,025.00	26,525.00	24,973.73	1,551.27	
Other Expenses						
Buildings and Grounds		23,234.00	23,237.00	23,236.60	0.40	
Salaries and Wages		117,478.00	128,478.00	127,339.90	1,138.10	
Other Expense						
Vehicle Maintenance (Including Police Vehicles)		154,314.00	154,314.00	144,583.15	9,730.85	
Salaries and Wages		90,550.00	98,550.00	97,472.18	1,077.82	
Other Expenses						
Community Services Act		13,000.00	13,000.00	13,000.00		
Other Expenses						
Sanitation:						
Garbage and Trash Removal		427,500.00	427,500.00	421,083.46	6,416.54	
Contractual (P.L. 1987 C.74)		132,500.00	135,000.00	132,500.00	2,500.00	
Other Expenses - Multifamily (P.L. 2000, C.26)						
Sewer System		4,710.00	4,710.00	4,709.44	0.56	
Salaries and Wages		48,606.00	48,606.00	48,289.20	316.80	
Other Expenses						
Sanitation Landfill - Bergen County		469,500.00	469,500.00	469,500.00		
Contractual						
Health and Welfare:						
Public Health Services		63,602.00	63,602.00	55,576.92	8,025.08	
Salaries and Wages		14,885.00	14,885.00	13,442.00	1,443.00	
Other Expenses - Contractual		18,947.00	16,447.00	13,530.32	2,916.68	
Other Expenses - Miscellaneous						
Administration of Social Services		3,710.00	3,761.00	3,710.08	50.92	
Salaries and Wages		100.00	100.00		100.00	
Other Expenses						
Rehabilitation and Assistance to Discharged						
Veterans (R.S. 40:48-2.15)		950.00	950.00	950.00		
Other Expenses						
Animal Welfare		400.00	17,400.00	17,400.00		
Other Expenses						

Borough of River Edge, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Board of Health (PEOSHA, N.J.S.A. 34:6A-25 et seq.)H.B.V.						
Other Expenses		100.00	100.00		100.00	
Fire (N.J., PEOSHA, N.J.A.C. 12:100-10)						
Other Expenses		650.00	650.00		650.00	
Recreation & Education:						
Recreation Commission RS. 40:12-1						
Salaries and Wages		63,803.00	65,803.00	65,505.99	297.01	
Other Expenses		10,010.00	10,010.00	9,976.22	33.78	
Maintenance of Parks						
Salaries and Wages		96,627.00	96,627.00	93,901.78	2,725.22	
Other Expenses		4,200.00	4,200.00	4,200.00		
Celebration of Public Events Anniversary or Holiday						
Other Expenses		12,500.00	12,500.00	12,500.00		
Aid to Senior Citizen Program (40:48-9.4)						
Other Expenses		30,709.00	30,709.00	25,896.89	4,812.11	
Other Common Operating Functions:						
Worker and Community Right to Know Act (P.L. 1983 C.315)						
Administrative and Executive						
Other Expenses		750.00	750.00	750.00		
Bus						
Salaries and Wages		22,803.00	22,803.00	10,753.26	12,049.74	
Other Expenses		417.00	417.00	28.77	388.23	
Accumulated Absences (N.J.A.C. 5:30-15)		500.00	500.00	500.00		
State Uniform Construction Code:						
Construction Code Officials						
Salaries and Wages		119,499.00	123,499.00	119,808.58	3,690.42	
Other Expenses		13,359.00	13,359.00	12,065.59	1,293.41	
Unclassified:						
Telephone		59,000.00	59,000.00	45,433.54	13,566.46	
Fire Hydrant Service		103,500.00	103,500.00	103,212.00	288.00	
Water		20,242.00	20,242.00	15,493.47	4,748.53	
Petroleum Products		138,325.00	128,325.00	115,254.39	13,070.61	
Electricity and Natural Gas		293,311.00	293,311.00	258,866.73	34,444.27	
Total Operations within "CAPS"		9,848,171.00	9,790,271.00	9,406,211.68	379,759.32	4,300.00
Contingent		500.00	500.00		500.00	
Total Operations Including Contingent within "CAPS"		9,848,671.00	9,790,771.00	9,406,211.68	380,259.32	4,300.00

Borough of River Edge, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund							
Year Ended December 31, 2008							
General Appropriations		Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Detail:							
Salaries and Wages		A-1	5,686,037.00	5,596,738.00	5,387,004.78	206,033.22	3,700.00
Other Expenses		A-1	4,162,634.00	4,194,033.00	4,019,206.90	174,226.10	600.00
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"							
Deferred Charges:							
Prior Year's Bills							
Burton Agency, Inc. - Insurance							
Statutory Expenditures							
Contribution to:							
Public Employees' Retirement System							
Social Security System (O.A.S.I.)							
Consolidated Police and Firemen's Pension Fund							
Police and Firemen's Retirement System							
Unemployment Compensation Insurance							
Defined Contribution Retirement Program							
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"							
Total General Appropriations for Municipal Purposes within "CAPS"							
Operations - Excluded from "CAPS"							
Statutory Expenditures							
Police and Firemen's Retirement System of N.J.							
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)							
Salaries and Wages							
Other Expenses							
Hackensack/Paramus Sewer Charges							
Contractual							
Parking Lot Maintenance							
Salaries and Wages							
Other Expenses							
Bergen County Utilities Authority							
Service Charges Contractual							

Borough of River Edge, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Recycling Tax (P.L.2007, C.311)		13,500.00	13,500.00	13,500.00		
Other Expenses						
NJPEDS Stormwater Permit (N.J.S.A. 40A:45.3(cc))						
General Administration		1,083.00	1,083.00	1,083.00		
Salaries and Wages		100.00	100.00		50.00	50.00
Other Expenses						
Municipal Clerk		214.00	214.00	214.00		
Salaries and Wages		500.00	500.00		50.00	450.00
Other Expenses						
Legal Services & Costs		1,275.00	1,275.00		275.00	1,000.00
Other Expenses						
Public Information		4,000.00	4,000.00	1,061.76	938.24	2,000.00
Other Expenses						
Other Code Enforcement Functions		21.00	21.00	21.00		
Salaries and Wages		14.00	14.00	14.00		
Police						
Salaries and Wages						
Public Works Repair and Maintenance						
Salaries and Wages		8,740.00	8,740.00	8,740.00		
Sewer System		3,000.00	3,000.00	3,000.00		
Other Expenses						
Public Health Services		9.00	9.00	9.00		
Salaries and Wages						
Engineering						
Other Expenses		3,000.00	3,000.00	125.00	875.00	2,000.00
Emergency Services Volunteer Length of Service						
Award Program (P.L. 1997, c.388)						
Other Expenses - Fire		62,220.00	62,220.00	62,220.00		
Other Expenses - First Aid Organization		31,620.00	31,620.00	31,620.00		
Statutory Expenditures (P.L.2003,C.108)						
Public Employees' Retirement System		175,812.00	177,012.00	176,851.18	160.82	
Implementation of 911 System (N.J.S.A. 40A:4-45.3 (cc))						
Police Communications						
Other Expenses		19,041.00	19,041.00	14,695.25	1,645.75	2,700.00

Borough of River Edge, N.J.

Page 7 of 9

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>						
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)						
Electricity		24,000.00	24,000.00	19,706.87	3,293.13	1,000.00
Telephone		600.00	600.00	267.04	332.96	
Natural Gas		4,200.00	4,200.00	3,359.07	840.93	
Water		4,600.00	4,600.00	1,689.76	1,410.24	1,500.00
Employee Group Health		97,188.00	97,188.00	97,188.00		
Interlocal Municipal Service Agreements						
County of Bergen Snow Removal						
Salary and Wages		5,000.00	5,000.00	4,720.00		280.00
Public and Private Programs Offset by Revenues						
State and Local Cooperative Housing		1,965.00	1,965.00	1,965.00		
Inspection Program		2,986.09	2,986.09	2,986.09		
Drunk Driving Enforcement Fund - Police		7,798.55	7,798.55	7,798.55		
Recycling Tonnage Grant		12,576.26	12,576.26	12,576.26		
Clean Communities Grant		30,377.00	30,377.00	30,377.00		
Nursing Services for Nonpublic Schools		12,750.00	12,750.00	12,750.00		
Municipal Alliance on Alcoholism & Drug Abuse		642.55	642.55	642.55		
Alcohol Education and Rehabilitation		2,000.00	2,000.00	2,000.00		
Handicapped Recreation Opportunities Grant		2,000.00	2,000.00	2,000.00		
GDL 2008 Enforcement and Education Campaign Grant		3,700.00	3,700.00	3,700.00		
Obeys the Signs Grant		500.00	500.00	500.00		
Domestic Violence Police Training Grant		4,298.43	4,298.43	4,298.43		
Body Armor Grant		1,000.00	1,000.00	1,000.00		
Donation Memorial Park Bench Program		2,275.00	2,275.00	2,275.00		
Donation Memorial Park Flag Pole						
Donations Handicapped Recreation Opportunities Grant						
Local Match		400.00	400.00	400.00		
Total Operations - Excluded from "CAPS"		2,692,036.88	2,725,636.88	2,691,487.25	21,169.63	12,980.00
Detail:						
Salaries & Wages	A-1	506,031.00	506,031.00	493,000.80	10,750.20	2,280.00
Other Expenses	A-1	2,186,005.88	2,219,605.88	2,198,486.45	10,419.43	10,700.00
Capital Improvements:						
Down Payments on Improvements (Emergency \$30,000.00)						
Capital Improvement Fund		31,247.00	31,247.00	31,247.00		
Total Capital Improvements Excluded from "CAPS"	A-1	31,247.00	31,247.00	31,247.00		

Borough of River Edge, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

General Appropriations	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
Municipal Debt Service:						
Payment of Bond Principal		785,000.00	785,000.00	785,000.00		474.74
Interest on Bonds		354,000.00	354,000.00	353,525.26		20.67
Interest on Notes			10,500.00	10,479.33		
NJEDA Loan		25,000.00	25,000.00	25,000.00		
Principal		375.00	375.00	375.00		
Interest						
NJ EIT Loan		31,500.00	31,500.00	31,281.40		218.60
Principal		12,000.00	12,000.00	1,185.00		10,815.00
Interest						
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,207,875.00	1,218,375.00	1,206,845.99		11,529.01
Deferred Charges:						
Emergency Authorization		30,000.00	30,000.00	30,000.00		
Special Emergency Authorizations - 5 Years (N.J.S. 40A:4-55)		54,523.00	54,523.00	54,523.00		
Deferred Charges to Future Taxation - Unfunded						
Ord. 1357 Reconstruction of Kinderkamack Road		15,070.06	15,070.06	15,070.06		
Ord. 1503 Resurface Howland Avenue		12,000.00	12,000.00	12,000.00		
Ord. 1562 Acquisition of Various Easements		500.00	500.00	500.00		
Ord. 1591 Construction Wayne Sewer Pump Station		133,000.00	133,000.00	133,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	245,093.06	245,093.06	245,093.06		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		4,176,251.94	4,220,351.94	4,174,673.30	21,169.63	24,509.01

Borough of River Edge, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	Ref.	Budget	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Cancelled
<u>General Appropriations</u>						
Subtotal General Appropriations		14,322,161.26	14,335,761.26	13,904,079.53	402,872.72	28,809.01
Reserve for Uncollected Taxes		431,037.16	431,037.16	431,037.16		
Total General Appropriations		14,753,198.42	14,766,798.42	14,335,116.69	402,872.72	28,809.01
Adopted Budget	A-2		14,699,648.12			
Emergency Authorization	A-13		10,500.00			
Special Emergency Authorization	A-14		3,100.00			
Appropriated by N.J.S. 40A:4-87	A-2		53,550.30			
			14,766,798.42			
<u>Analysis of Paid or Charged</u>						
Cash Disbursed	A-4			13,004,239.10		
Encumbrances Payable	A-17			730,223.55		
Deferred Charges - Special Emergency Authorization	A-14			54,523.00		
Deferred Charges - Emergency Authorization	A-13			30,000.00		
Reserve for Codification of Ordinances	A-24			3,100.00		
Reserve for Uncollected Taxes	A-2			431,037.16		
Reserve for Grants	A-25			81,993.88		
				14,335,116.69		

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

Borough of River Edge, N.J.
Comparative Balance Sheet - Regulatory Basis

Page 1 of 2

Trust Funds

December 31, 2008 and 2007

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Assessment Fund:			
Cash - Treasurer	B-2	161.39	3,161.39
Prospective Assessments Funded	B-5		25,000.00
		<u>161.39</u>	<u>28,161.39</u>
Animal License Fund:			
Cash - Treasurer	B-2	18,530.11	11,120.06
		<u>18,530.11</u>	<u>11,120.06</u>
Other Trust Funds:			
Cash - Treasurer	B-2	805,327.84	744,976.38
		<u>805,327.84</u>	<u>744,976.38</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash in Plan	B-2	383,406.33	542,973.96
Contributions Receivable	B-6	72,420.00	73,440.00
		<u>455,826.33</u>	<u>616,413.96</u>
Total Assets		<u>1,279,845.67</u>	<u>1,400,671.79</u>

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

Borough of River Edge, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2008 and 2007

<u>Liabilities, Reserves & Fund Balance</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Assessment Fund:			
Reserve for Assessments Receivable	B-9		25,000.00
Fund Balance	B-1	161.39	3,161.39
		<u>161.39</u>	<u>28,161.39</u>
Animal License Fund:			
Due to Current Fund	B-7	8,819.71	
Reserve for Dog Fund Expenditures	B-10	9,710.40	11,120.06
		<u>18,530.11</u>	<u>11,120.06</u>
Other Trust Fund:			
Developers' Escrow	B-12	90,938.59	82,000.69
Fire Prevention Penalties	B-12	1,119.00	1,119.00
Recycling	B-12	134,043.60	83,947.68
Vacancy Inspection	B-12	1,480.96	1,711.40
P.O.A.A.	B-12	6,845.52	7,007.70
Tax Sale Redemption	B-12		2,100.00
Municipal Alliance	B-12	5,499.61	5,246.65
Street Opening Permits	B-12	1,600.00	1,340.00
Performance Bonds	B-12	177,000.00	225,680.00
Snow Removal	B-12	26,186.39	21,986.39
Commodity Resale	B-12	1,800.00	
Public Defender	B-12	1,304.50	1,875.00
Accumulated Absences	B-12	3,500.00	3,000.00
Municipal Open Space	B-12	117,274.75	92,143.62
September 11th Memorial Gardens	B-12	3,881.98	3,881.98
Police Outside Duty	B-12		212.51
Donations Beautification	B-12	5,411.03	5,087.28
New Jersey Sales & Use Tax Payable	B-12		3,701.32
Donations for Shade Tree Commission	B-12	1,460.00	4,275.00
Donation Decorative Lamp	B-12	650.00	
Park & Field Maintenance	B-12	5,838.00	1,810.00
Reserve for:			
Self Insurance Fund (Commission)	B-13	30,689.94	34,936.36
Unemployment Insurance Trust Fund	B-13	38,791.73	25,663.40
Recreation Commission	B-14	89,204.37	89,608.80
Payroll Deductions Payable	B-15	60,807.87	46,641.60
		<u>805,327.84</u>	<u>744,976.38</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Net Assets Available for Benefits	B-16	455,826.33	616,413.96
Total Liabilities, Reserves & Fund Balance		<u>1,279,845.67</u>	<u>1,400,671.79</u>

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

Exhibit B-1

Borough of River Edge , N.J.
Schedule of Fund Balance - Regulatory Basis
Assessment Trust Fund
Year Ended December 31, 2008

Balance - December 31, 2007	<u>Ref.</u> B	3,161.39
Decreased by:		
Payment to Current Fund as Anticipated Revenue	B-2	<u>3,000.00</u>
Balance - December 31, 2008	B/B-3	<u><u>161.39</u></u>

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

Borough of River Edge , N.J.
 Comparative Balance Sheet - Regulatory Basis
 General Capital Fund
 December 31, 2008 and 2007

<u>Assets</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Cash	C-2/C-3	252,714.49	2,533,518.04
Due from Bergen County - Open Space Trust & NJDOT	C-4	40,000.00	84,759.82
Interfund - Grant Fund	C-4	28,130.00	
Deferred Charges to Future Taxation:			
Funded	C-6	8,718,208.02	9,503,412.84
Unfunded	C-7	1,390,697.64	1,122,291.88
		<u>10,429,750.15</u>	<u>13,243,982.58</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	8,490,000.00	9,275,000.00
New Jersey EDA Loan Payable	C-9		25,000.00
Environmental Infrastructure Trust / Loan	C-10	228,208.02	203,412.84
Improvement Authorizations:			
Funded	C-11	686,559.64	2,581,284.01
Unfunded	C-11	528,567.26	1,077,339.37
Capital Improvement Fund	C-12	7,817.47	5,828.53
Fund Balance	C-1	488,597.76	76,117.83
		<u>10,429,750.15</u>	<u>13,243,982.58</u>

Footnote: There was Authorized but not Issued Debt at December 31, 2008
 of \$1,390,697.64 per Exhibit C-15.

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

Exhibit C-1**Borough of River Edge , N.J.****Statement of Changes in Fund Balance - Regulatory Basis****General Capital Fund****Year Ended December 31, 2008**

	<u>Ref.</u>	
Balance - December 31, 2007	C	76,117.83
Increased by:		
Funded Improvement Authorizations Cancelled	C-11	<u>448,479.93</u>
		524,597.76
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-2	<u>36,000.00</u>
Balance - December 31, 2008	C/C-3	<u><u>488,597.76</u></u>

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

GENERAL FIXED ASSET ACCOUNT GROUP

Exhibit D

Borough of River Edge, N.J.

Statement of General Fixed Assets - Regulatory Basis

December 31, and 2008

	<u>2008</u>	<u>2007</u>
<u>General Fixed Assets:</u>		
Land	4,315,671.90	4,210,971.90
Buildings	5,260,191.45	4,492,829.82
Improvements - Other than Buildings	5,807,004.06	5,807,004.06
Machinery and Equipment	<u>2,991,784.75</u>	<u>2,357,393.82</u>
	<u>18,374,652.16</u>	<u>16,868,199.60</u>
Investment in General Fixed Assets	<u>18,374,652.16</u>	<u>16,868,199.60</u>

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

BOROUGH OF RIVER EDGE, N. J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The financial statements of the Borough of River Edge have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than generally accepted accounting principles. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of River Edge (the "Borough") operates under a Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, 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 financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, Volunteer Fire Department and the Volunteer Ambulance Corps. which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

Assessment Trust - This fund deals with the hauling of special assessment levies against property for the cost of an improvement, the whole or a part of which costs are levied against the property receiving the benefit.

All Other Trust Funds - These funds are established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Control Fund - This fund is used to account for fees collected from dog licenses and expenditures which are regulated by NJS 4:19-15.11.

Emergency Services Volunteer Length of Service Award Program - This fund is used to account for the cumulative payments to participant's in the emergency services volunteer length of service award program including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

General Capital Fund - This fund is used to account for the receipt and disbursement of funds used for acquisition or improvement of general capital facilities, other than those acquired in the Current Fund.

General Fixed Asset Account Group - To account for all fixed assets of the Borough. The Borough's infrastructure is not reported in the group.

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of River Edge. Under this method of accounting revenues, except State/Federal Aid, are recognized when received and expenditures are recorded, when incurred. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The more significant differences are as follows:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

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 for the current fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

General Capital Fund
Trust Funds

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2008, the Borough Council increased the original budget by \$67,150.30. The increase was funded by \$53,550.30 of additional aid allotted to the Borough and \$13,600.00 for emergency appropriations. In addition, several budget transfers were approved by the governing body.

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless canceled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

Appropriation Reserves - Are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market value on the date of acquisition.

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

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough 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 nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

General Fixed Assets - The Borough of River Edge has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accounting principles.

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 land which is valued at estimated market value.

No depreciation has been 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 have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Accounting, (continued)

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2008, \$-0- of the Borough's bank balance of \$5,810,100.22 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough 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. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

Unaudited Investments

As more fully described in Note 13, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2008 and 2007 amounted to \$383,406.33 and \$542,973.96, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Growth	\$172,804.29	\$263,135.75
Fixed Income	51,422.14	55,453.50
Growth and Income	35,725.87	48,701.18
All Others	<u>123,454.03</u>	<u>175,683.53</u>
Total	<u>\$383,406.33</u>	<u>\$542,973.96</u>

NOTE 3: MUNICIPAL DEBT

Long-term debt as of December 31, 2008 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General					
Obligation Debt	\$9,275,000.00	\$	\$785,000.00	\$8,490,000.00	\$750,000.00
Other Liabilities:					
Compensated Absences Payable	755,755.00		168,288.58	587,466.42	
New Jersey - E.D.A. Loans	25,000.00		25,000.00	0.00	
N.J. Environmental Infrastructure:					
Trust	120,978.66	56,076.58	15,000.00	162,055.24	15,000.00
Loan	<u>82,434.18</u>		<u>16,281.40</u>	<u>66,152.78</u>	<u>15,802.94</u>
	<u>\$10,259,167.84</u>	<u>\$56,076.58</u>	<u>\$1,009,569.98</u>	<u>\$9,305,674.44</u>	<u>\$780,802.94</u>

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 3: MUNICIPAL DEBT, (continued)

The Local Bond Law governs the issuance of bonds and notes to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>Year 2008</u>	<u>Year 2007</u>	<u>Year 2006</u>
<u>Issued:</u>			
General:			
Bonds and Notes	\$8,490,000.00	\$9,275,000.00	\$7,120,000.00
Loans	<u>228,208.02</u>	<u>228,412.84</u>	<u>276,751.88</u>
Total Issued	<u>8,718,208.02</u>	<u>9,503,412.84</u>	<u>7,396,751.88</u>
 <u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>1,390,697.64</u>	<u>1,122,291.88</u>	<u>1,543,895.93</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$10,108,905.66</u>	<u>\$10,625,704.72</u>	<u>\$8,940,647.81</u>

Footnote: In addition to the capital debt shown in the above statement, there was current debt as follows:

Authorized But Not Issued	
Current:	
Special Emergency Note (40A:4-55)	<u>\$49,260.11</u>

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 3: MUNICIPAL DEBT, (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

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 .54%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$21,643,000.00	\$21,643,000.00	\$0.00
Regional High School District	10,192,609.89	10,192,609.89	0.00
General Debt	<u>10,108,905.66</u>		<u>10,108,905.66</u>
	<u>\$41,944,515.55</u>	<u>\$31,835,609.89</u>	<u>\$10,108,905.66</u>

Net Debt \$10,108,905.66 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$1,857,357,463.00 = .54%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$65,007,511.21
Net Debt	<u>10,108,905.66</u>
Remaining Borrowing Power	<u>\$54,898,605.55</u>

The Borough's bonded debt consisted of the following at December 31, 2008:

	<u>Amount Outstanding</u>
Paid by Current Fund:	
General Improvement Bonds - issued August 1, 2002 due through August 1, 2017 with variable interest rates of 3.50% to 4.25%	\$2,701,000.00
General Improvement Bonds - issued September 15, 2005 due through September 15, 2019 with variable interest rates of 3.50% to 3.60%	2,939,000.00
General Improvement Bonds - issued December 15, 2007 due through December 15, 2022 with variable interest rates of 3.625% to 4.00%	<u>2,850,000.00</u>
	<u>\$8,490,000.00</u>

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 3: MUNICIPAL DEBT, (continued)

General Capital Serial Bonds are direct obligations of the Borough for which its full faith and credit are pledged and are payable from taxes levied on all taxable property located within the Borough.

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST BONDED DEBT ISSUED AND OUTSTANDING.

	<u>General</u>		
Calendar			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$750,000.00	\$322,806.50	\$1,072,806.50
2010	780,000.00	294,794.00	1,074,794.00
2011	780,000.00	265,731.50	1,045,731.50
2012	780,000.00	236,669.00	1,016,669.00
2013	780,000.00	207,471.50	987,471.50
2014-2018	3,571,000.00	591,890.00	4,162,890.00
2019-2022	<u>1,049,000.00</u>	<u>87,684.00</u>	<u>1,136,684.00</u>
	<u>\$8,490,000.00</u>	<u>\$2,007,046.50</u>	<u>\$10,497,046.50</u>

At December 31, 2008, the Borough had authorized but not issued debt of \$1,390,697.64.

N.J. WASTEWATER TREATMENT FINANCING PROGRAM

Loan Number 1:

On November 4, 1999, two separate loan agreements were entered into by the Borough of River Edge for the purpose of improvements to the Wastewater Treatment Plant. The project was closed out in 2003. The final amounts of the loans payable are detailed as follows:

New Jersey Wastewater Treatment Trust	\$190,284.00
New Jersey Wastewater Treatment Fund	<u>190,284.00</u>
	<u>\$380,568.00</u>

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 3: MUNICIPAL DEBT, (continued)

N.J. WASTEWATER TREATMENT FINANCING PROGRAM, (continued)

Schedules of annual principal and interest payments for the loan is detailed as follows:

<u>Year</u>	<u>Trust Loan (1)</u>		<u>Fund Loan</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2009	\$15,000.00	\$1,067.80	\$15,802.94
2010	15,000.00	1,044.69	15,314.72
2011	13,916.96	1,313.65	14,777.67
2012	12,978.29	1,678.67	14,240.63
2013	11,780.07	2,133.05	6,016.82
2014	11,260.10	1,894.27	
2015	16,729.74	1,648.71	
2016	15,935.98	1,194.13	
2017	15,552.83	799.96	
2018	15,172.89	445.15	
2019	<u>18,728.68</u>	<u>294.39</u>	
	<u>\$162,055.54</u>	<u>\$13,514.47</u>	<u>\$66,152.78</u>

Installment payments of principal and interest on the above described Wastewater Treatment Loans are due on April 15 and October 15 of each year.

(1) The Borough is due a savings credit of \$124,701.44 on the trust loan as all of the original trust loan proceeds were not spent. This credit is reflected in the outstanding principal and interest due on the loan.

NOTE 4: BOND ANTICIPATION NOTES

The Borough 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 one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. 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. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

On December 31, 2008, the Borough had no outstanding bond anticipation notes.

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2008 the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, <u>2008</u>	2009 Budget <u>Appropriation</u>	Balance to Succeeding <u>Budget</u>
Current Fund:			
Special Emergency Authorizations	\$49,260.11	\$45,040.11	\$4,220.00
Emergency Authorizations	<u>10,500.00</u>	<u>10,500.00</u>	<u>0.00</u>
	<u>\$59,760.11</u>	<u>\$55,540.11</u>	<u>\$4,220.00</u>

NOTE 6: DEFERRED SCHOOL TAXES

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

The Borough of River Edge has elected to defer school taxes as follows:

	<u>December 31, 2008</u>	
	<u>Local School District</u>	<u>Regional High School</u>
Balance of Tax	\$6,168,185.36	\$6,382,285.20
Deferred	<u>6,168,185.36</u>	<u>6,382,285.20</u>
Tax Payable	<u>\$0.00</u>	<u>\$0.00</u>

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 7: PENSION PLANS

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 7. PENSION PLANS, (continued)

Description of Systems, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final average compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years or 1/60 of final average compensation multiplied by the number of years of creditable service, whichever is greater. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Significant Legislation

Chapter 108, P.L. 2003, effective July 1, 2003 provided that the State Treasurer shall reduce the normal and accrued liability contributions payable by employers other than the State, excluding the contribution payable from the benefit enhancement fund, to a percentage of the amount certified annually by the retirement system, which for PERS will be as follows: for payments due in the State fiscal year ending June 30, 2005, 20 percent; for payments due in the State fiscal year ending June 30, 2006, not more than 40 percent; for payments due in the State fiscal year ending June 30, 2007, not more than 60 percent; and for payments due in the State fiscal year ending June 30, 2008, not more than 80 percent.

Chapter 108 (P.L. 2003), effective July 1, 2003, provided that local employer PFRS normal and accrued liability contributions will be 20% of the amount certified by the PFRS for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the System as the State Treasurer will determine, but not more than 40% in fiscal year 2005, not more than 60% in fiscal year 2006, and not more than 80% in fiscal year 2007. According to the Appropriation Act of 2003, the State as well is paying pension obligations through a five-year phase-in.

Chapter 42, P.L. 2002 permitted local government units to issue refunding bonds to retire unfunded accrued liability resulting from early retirement benefits under PERS and PFRS, effective July 12, 2002.

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 7. PENSION PLANS, (continued)

Description of Systems, (continued)

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.0% for PERS and 8.5% for PFRS of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2008	\$176,851.18	\$551,041.00
2007	96,742.80	357,764.00
2006	51,493.60	220,834.80

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2008 and 2007 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Current Fund	<u>\$2,300,000.00</u>	<u>\$3,449,000.00</u>

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 9: FIXED ASSETS

The following is a summary of changes in the general fixed asset account group for the year 2008.

	Balance <u>Dec. 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>Dec. 31, 2008</u>
Land	\$4,210,971.90	\$104,700.00	\$	\$4,315,671.90
Buildings	4,492,829.82	767,361.63		5,260,191.45
Improvements-Other than Buildings	5,807,004.06			5,807,004.06
Machinery and Equipment	<u>2,357,393.82</u>	<u>942,096.07</u>	<u>307,705.14</u>	<u>2,991,784.75</u>
	<u>\$16,868,199.60</u>	<u>\$1,814,157.70</u>	<u>\$307,705.14</u>	<u>\$18,374,652.16</u>

NOTE 10: ACCRUED SICK AND VACATION BENEFITS

The Borough of River Edge permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid upon retirement or separation at an agreed-upon rate. Additionally, employees who meet certain requirements are eligible to receive an annual payment as severance pay until the employee reaches the age sixty-five.

It is estimated that the current cost of such unpaid compensation would approximate \$587,466.42. This amount is not reported either as an expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough of River Edge's budget operating expenditures in the year in which it is used.

NOTE 11: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2008 consist of the following:

\$8,819.71 Due to the Current Fund from the Animal Control Trust Fund
for statutory excess.

It is anticipated that all interfunds will be liquidated during the fiscal year.

BOROUGH OF RIVER EDGE, N.J.
Notes to Financial Statements
Years Ended December 31, 2008 and 2007
(continued)

NOTE 12: LEASES

The Borough of River Edge has commitments to lease police cars under capital leases which expire in 2011. Total lease payments made during the year ended December 31, 2008 were \$35,799.52. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Total Amount</u>	<u>Principal</u>	<u>Interest</u>
December 31, 2009	\$28,576.05	\$26,895.31	\$1,680.74
December 31, 2010	15,459.64	15,065.61	394.03
December 31, 2011	<u>1,550.00</u>	<u>1,540.96</u>	<u>9.04</u>
Total minimum lease payments	<u>\$45,585.69</u>	<u>\$43,501.88</u>	<u>\$2,083.81</u>

NOTE 13: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP)

On March 6, 2003, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

The Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$1,000.00 to each eligible volunteer who accumulates a minimum of 100 service points based on criteria established by Borough Ordinance No. 1289. In addition, the ordinance does not provide for prior years service credit. The amount of the LOSAP award cannot exceed \$1,000.00 annually, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2008 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

APPENDIX B

PROPOSED FORM OF BOND COUNSEL OPINION

STEVEN L. ROGUT
DANIEL J. MCCARTHY
DIANE U. DABULAS

ROGUT MCCARTHY LLC

COUNSELLORS AT LAW

37 ALDEN STREET
CRANFORD, NEW JERSEY 07016

Telephone (908) 931-1150
Facsimile (908) 931-1151
Facsimile (908) 653-4832
www.rogutmccarthy.com

ANN S. BEDDINGFIELD, Of Counsel †
NORMAN B. KAUFF, Of Counsel
COLLEEN E. PATTERSON††
THOMAS J. BACE†††
SUZANNA M. POLHAMUS

† ADMITTED IN NY, CT AND NC ONLY
†† ALSO ADMITTED IN PA
††† ALSO ADMITTED IN FL AND DC

APPENDIX B

[Proposed Form of Bond Counsel Opinion]

November __, 2009

Borough Council
Borough of River Edge
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of \$2,465,000 aggregate principal amount of General Improvement Bonds (the "Bonds") by the Borough of River Edge, in the County of Bergen, a municipal corporation of the State of New Jersey (the "Borough"). The Bonds are dated November 15, 2009 and comprise an issue of registered bonds. The Bonds bear interest from their date, payable on each May 15 and November 15, commencing May 15, 2010 (each, an "Interest Payment Date"), in each year until maturity.

The Bonds are payable in annual installments on November 15 in each year, and bear interest at the rates per annum, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2010	\$245,000	%	2015	\$245,000	%
2011	245,000		2016	245,000	
2012	245,000		2017	245,000	
2013	245,000		2018	245,000	
2014	245,000		2019	260,000	

Borough Council
Borough of River Edge
November __, 2009
Page 2

The Bonds are issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) and pursuant to three bond ordinances adopted by the Borough Council of the Borough on November 19, 2007 (Ord. No. 1591), May 5, 2008 (Ord. No. 1616) and June 1, 2009 (Ord. No. 1656, as amended by Ord. No. 1672 adopted on September 21, 2009) and resolutions adopted by the Borough Council of the Borough on September 21, 2009.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Bonds and other amounts and to the rebate of certain arbitrage earnings to the United States. Noncompliance by the Borough with such requirements may cause interest on the Bonds to be included in gross income of the owners thereof retroactive to the date of issuance of the Bonds, regardless of when such noncompliance occurs.

The Borough has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Bonds be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The Borough's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Bonds, will contain provisions and procedures regarding compliance with the requirements of the Code. The Borough, in executing the Tax Certificate, will certify to the effect that the Borough expects and intends to comply with the provisions and procedures contained therein.

As bond counsel, we have examined certified copies of the bond ordinances and resolutions referred to above and related proceedings in connection with the issuance of the Bonds. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below,

Borough Council
Borough of River Edge
November __, 2009
Page 3

including the Tax Certificate executed by the Chief Financial Officer of the Borough of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and the exhibits thereto. We have also examined the executed and authenticated first numbered Bond and have assumed that all of the other Bonds have been similarly executed and authenticated. 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. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We have not prepared nor have we verified the accuracy, completeness or fairness of (i) the information set forth in the Official Statement prepared by the Borough in connection with the sale and issuance of the Bonds, or (ii) other documents of the Borough delivered to the purchasers of the Bonds, and we take no responsibility therefor.

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

1. The Bonds have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Borough enforceable in accordance with their terms, except as enforcement of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. The Borough has pledged its full faith and credit for the payment of the principal of and interest on the Bonds, and unless paid from other sources, the Borough is authorized and required by law to levy on all real property taxable by the Borough such ad valorem taxes as may be necessary to pay the Bonds and the interest thereon, without limitation as to rate or amount.

Borough Council
Borough of River Edge
November __, 2009
Page 4

3. Assuming compliance by the Borough with the Tax Certificate, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; nor is it included in "adjusted current earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. In addition, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof.

Very truly yours,

Rogut McCarthy LLC