

This Preliminary Official Statement and the information contained herein are subject to completion and amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall it be any part of the offer, solicitation or sale of the Bonds in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. This Preliminary Official Statement is deemed final by the Township within the meaning and for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 23, 2009

NEW ISSUE
Book-Entry-Only

Rating: S&P's "___"
(see "Credit Rating" herein)

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Township, under existing statutes and court decisions, and assuming compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax that may be imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for the purpose of calculating the alternative minimum tax. In addition, in the opinion of Bond Counsel to the Township, under existing statutes, interest on the Bonds is not included in gross income under the New Jersey Gross Income Tax Act. See "Tax Matters" herein for a description of certain other provisions of the Code that may affect the tax treatment of interest on the Bonds for certain bondholders.

\$3,170,000 BONDS
THE TOWNSHIP OF BOONTON,
IN THE COUNTY OF MORRIS, NEW JERSEY
consisting of
\$644,000 GENERAL BONDS OF 2010
\$1,515,000 OPEN SPACE BONDS OF 2010
\$81,000 WATER BONDS OF 2010
\$180,000 SEWER ASSESSMENT BONDS OF 2010
\$750,000 TRUST ASSESSMENT BONDS OF 2010

Dated: Date of Delivery

Due: January 15, as shown below

The \$644,000 General Bonds of 2010 (the "General Bonds"), the \$1,515,000 Open Space Bonds of 2010 (the "Open Space Bonds"), the \$81,000 Water Bonds of 2010 (the "Water Bonds"), the \$180,000 Sewer Assessment Bonds of 2010 (the "Sewer Assessment Bonds"), and the \$750,000 Trust Assessment Bonds of 2010 (the "Trust Assessment Bonds" and, together with the General Bonds, the Open Space Bonds, the Water Bonds and the Sewer Assessment Bonds, the "Bonds") of the Township of Boonton, in the County of Morris, New Jersey (the "Township"), will be issued in book-entry-only form with no physical distribution of bond certificates. The Bonds will be issued in registered form and bond certificates for each maturity of each series will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co.

Interest on the Bonds will be payable semiannually on January 15 and July 15 in each year until maturity or earlier redemption, commencing July 15, 2010. Principal or redemption price, if any, of and interest on the Bonds will be paid to DTC by the Township. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of January 1 and July 1 next preceding each such interest payment date (the "Record Dates" for the payment of interest on the Bonds).

The Bonds will be subject to redemption prior to their stated maturities as described herein (see "Description of the Bonds - Redemption" herein).

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

COMBINED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS OR PRICES

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>
2011	\$300,000	%		2016	\$320,000	%	
2012	300,000			2017	325,000		
2013	305,000			2018	330,000		
2014	310,000			2019	335,000		
2015	315,000			2020	330,000		

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Hawkins Delafield & Wood LLP, Newark, New Jersey, and certain other conditions described herein. Delivery of the Bonds is anticipated to take place on or about January 21, 2010.

Dated: January __, 2010

No dealer, broker, salesman or other person has been authorized by the Township of Boonton to give any information or to make any representations, other than those contained in this Official Statement, and if any is given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. 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 by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information which is set forth herein has been provided by the Township of Boonton and by other sources, but the information provided by such other sources is not guaranteed as to accuracy or completeness by the Township of Boonton. References in this Official Statement to State of New Jersey statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of or exceptions to statements made herein. Copies of such above-mentioned documents may be inspected at the offices of the Township of Boonton during normal business hours. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

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 the affairs of the Township of Boonton since the date hereof.

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE ORIGINAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL, IN THE OPEN MARKET, SUCH STABILIZING, IF COMMENCED, MAYBE DISCONTINUED AT ANY TIME.

THE TOWNSHIP OF BOONTON
In the County of Morris, New Jersey

MAYOR
Thomas Donadio

TOWNSHIP COMMITTEE
Thomas Donadio, Chairman
Carl Blum
Robert Rizzo
Paul Allieri
William Klingener

OFFICIALS
Barbara Shepard, Township Administrator/Clerk
Norman Eckstein, Chief Financial Officer/Treasurer

TOWNSHIP ATTORNEY
Jansen & DeBona, LLC
Boonton, New Jersey

TOWNSHIP AUDITOR
Nisivoccia & Company LLP
Mount Arlington, New Jersey

BOND COUNSEL
Hawkins Delafield & Wood LLP
Newark, New Jersey

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OFFICIAL STATEMENT
RELATING TO \$3,170,000 BONDS OF THE
TOWNSHIP OF BOONTON, IN THE
COUNTY OF MORRIS, NEW JERSEY

CONSISTING OF
\$644,000 GENERAL BONDS OF 2010
\$1,515,000 OPEN SPACE BONDS OF 2010
\$81,000 WATER BONDS OF 2010
\$180,000 SEWER ASSESSMENT BONDS OF 2010
\$750,000 TRUST ASSESSMENT BONDS OF 2010

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, is to supply information to the purchasers of the \$3,170,000 Bonds consisting of \$644,000 General Bonds of 2010 (the "General Bonds"), the \$1,515,000 Open Space Bonds of 2010 (the "Open Space Bonds"), the \$81,000 Water Bonds of 2010 (the "Water Bonds"), the \$180,000 Sewer Assessment Bonds of 2010 (the "Sewer Assessment Bonds"), and the \$750,000 Trust Assessment Bonds of 2010 (the "Trust Assessment Bonds" and, together with the General Bonds, the Open Space Bonds, the Water Bonds and the Sewer Assessment Bonds, the "Bonds") of the Township of Boonton, in the County of Morris, New Jersey. Summaries and explanations of the statutes and the documents contained herein do not propose to be complete and reference is made to such documents and statutes for full and complete statements of their provisions. Data contained herein has been taken or constructed from records of the State of New Jersey (the "State"), the County of Morris (the "County"), the Township of Boonton (the "Township"), and other sources considered reliable. **This Official Statement should be read in its entirety in order to make an informed investment decision.**

All financial and other information presented herein has been provided by the Township from its records except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and is not necessarily indicative of future or continuing trends in the financial position or other affairs of the Township. The summaries of and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

DESCRIPTION OF THE BONDS

Term

The Bonds shall be dated and shall bear interest from the date of delivery thereof and will mature in the amounts and on the dates set forth on the cover page of this Official Statement. Interest on the Bonds is payable semi-annually on the dates and at the interest rates set forth on the cover page hereof.

Denominations and Place of Payment

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates. The Bonds will be issued in registered form and bond certificates for each maturity of each series will be issued to The Depository Trust Company, New York, New York ("DTC"), and registered in the name of its nominee, Cede & Co. (see the subcaption "Book-Entry System" below). Principal of and interest on the Bonds will be paid by the Township, or its designee, in its capacity as paying agent (the "Paying Agent") to the registered owners of the Bonds as of each January 1 and July 1 (whether or not a business day) immediately preceding the respective Interest Payment Dates (the "Record Dates"). So long as DTC or its nominee 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 DTC or its nominee, which will in turn remit such payments to DTC participants, which will in turn remit such payments to the beneficial owners of the Bonds. See the subcaption "Book-Entry System" below. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 each or integral multiples of \$1,000 in excess thereof. Purchasers will not receive certificates representing their beneficial ownership interests in Bonds purchased, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance is expected to be confirmed by an initial transaction statement stating the details of the Bonds purchased. So long as Cede & Co. is the registered owners of the Bonds, as nominee of DTC, references herein (except under the captions "Tax Matters" and "Secondary Market Disclosure") to the registered owners shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. See the subcaption "Book-Entry-Only System" below.

Redemption

The Bonds are not subject to redemption prior to maturity at the option of the Township.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each year of maturity of the Bonds, each in the aggregate principal amount of Bonds of each series maturing in each year, 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 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks and 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 DTC and its participants are on file with the Securities and Exchange Commission. So long as DTC (or any successor thereto) acts as securities depository for the Bonds, notice of redemption shall be sent to such securities depository and shall not be sent to the beneficial owners of the Bonds. Any failure of such depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Township determines to redeem a portion of the Bonds of a series prior to maturity, the Bonds to be redeemed shall be selected by the Township; the Bonds to be redeemed having the same maturity shall be selected by DTC in accordance with its regulations. 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 confirmations 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 the Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 the DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and shall be the responsibility of such Participant and not of DTC or its nominee, the Trustee, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

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

Security and Source of Payment

The Bonds are a general obligation of the Township, and the Township has pledged its full faith and credit for the payment of the principal of and the interest on the Bonds. Unless paid from other sources, the Township is required by law to levy ad valorem taxes upon all the taxable property within the Township for the payment of the principal of and the interest on the Bonds without limitation as to rate or amount. The enforceability of rights and remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies theretofore or hereafter enacted. See "MUNICIPAL BANKRUPTCY" herein.

In addition to the full faith and credit obligation of the Township pledged to secure the timely payment of principal and interest on the Bonds, the Township expects that (a) amounts collected from an open space tax levied in the Township will be sufficient to pay debt service on the Open Space Bonds, (b) amounts collected from a special benefit assessment on property owners will be sufficient to pay debt service on the Sewer Assessment Bonds and the Trust Assessment Bonds and (c) amounts collected from water user fees will be sufficient to pay debt service on the Water Bonds.

PROJECTS TO BE FINANCED

Authorization and Purpose of the Bonds

The Bonds have been authorized and are to be issued pursuant to the laws of the State, including the Local Bond Law of New Jersey, N.J.S.A. 40A:2-1 et seq., and various bond ordinances of the Township. The Bonds are being issued to fund certain outstanding capital projects described as follows:

Principal Amount of Bond to be Issued	Bond Ordinance Number	Description of Improvements
<u>General Improvements</u>		
\$ 174,200	698	Various Improvements
128,050	707	Improvement of Various Roads
147,000	743	Various Improvements
194,750	756	Various Improvements
<u>\$ 644,000</u>		
<u>Open Space</u>		
\$ 184,584	587	Acquisition of Property
132,715	592	Acquisition of Property
159,280	616	Acquisition of Lands
258,000	618	Acquisition of Lands
780,421	670	Acquisition of Lands
<u>\$ 1,515,000</u>		
<u>Water Utility Capital Fund</u>		
<u>\$ 81,000</u>	653	Water Supply & Distribution - McCaffrey Lane

Principal Amount of Bond to be Issued	Bond Ordinance Number	Description of Improvements
<u>Sewer Utility Assessment Fund</u>		
\$ 84,000	654	Improvement of Sanitary Sewerage System
92,000	727	Improvement of Sanitary Sewerage System (Sylvan Lane)
4,000	745	Improvement of Sanitary Sewerage System (Sylvan Lane)
<u>\$ 180,000</u>		
<u>Trust Assessment Fund</u>		
\$ 575,000	593	Elcock Avenue/Grove Street Area Sanitary Sewer, Water System and Storm Sewer Project
175,000	638	Improvement to Sanitary Sewerage System
<u>\$ 750,000</u>		

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

NO DEFAULT

The Township has never defaulted in the payment of any bonds or notes, nor are any payments of principal or interest on the Township's indebtedness past due.

MARKET PROTECTION - BOND AND NOTE FINANCING

Based upon the current financial condition of the Township, it is not expected that tax anticipation notes will be issued during the year. The Township has not issued tax anticipation notes during the last five years. The Township does not expect to issue any additional long-term debt during 2010, but does expect to rollover certain bond anticipation notes for general improvement purposes.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds and notes to finance certain municipal 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 to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized.

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

This law regulates the nonbudgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the 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 in a local newspaper within 30 days of its completion. The chief financial officer of every local unit must file annually with the director, a verified statement of financial condition of the local unit and all constituent boards, agencies or commissions.

The annual audit report is filed with the Township Clerk and is available for review during business hours.

Debt Limits

The authorized bonded indebtedness of a municipality in the State is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its equalized valuation basis. The equalized valuation basis of the municipality is set by statute as the average for the last three years of the equalized value of all taxable real property and improvements and certain class II railroad property within its boundaries as annually determined by the State Board of Taxation.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

On December 31, 2008, the Township's statutory net debt as a percentage of its equalized valuation basis was 0.189% and such debt was comprised of the following:

	Gross Debt	Deduction	Net Debt
Municipal Purposes	\$ 5,716,386	\$ 3,676,262	\$ 2,040,124
Local School Purposes	2,778,000	2,778,000	
	<u>\$ 8,494,386</u>	<u>\$ 6,454,262</u>	<u>\$ 2,040,124</u>

The debt limit of the Township may be exceeded with the approval of the Local Finance Board, in the Division of Local Government Services, Department of Community Affairs, State of New Jersey, a State regulatory agency (the "Board"). If all or any part of a proposed debt authorization would exceed its debt limit, the Township must apply to the Board for an extension of credit. If the Board determines that a proposed debt authorization would not materially impair the ability of the Township to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted.

Short-Term Financing

The Township may issue bond anticipation notes to temporarily finance capital improvements. Bond anticipation notes, which are general obligations of the Township, may be issued for a period not exceeding one (1) year and may be renewed from time to time for a period that does not exceed one (1) year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original note, provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which these notes are issued, is paid and retired on or before each subsequent anniversary date beyond which such notes are renewed from funds other than the proceeds of obligations.

Assessment Bonds

Assessment bonds may be issued in annual serial installments with the first principal payment due within two years and the final principal payment due within twenty years of an issue's date. No principal payment may be larger than a prior year's principal payment.

MUNICIPAL BUDGET

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

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

The foundation of the State local finance system is the annual cash basis budget. The Township must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the "Director") prior to final adoption of the budget. 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, among others, for certification.

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

The principal sources of Township revenue are real estate taxes and miscellaneous revenue.

Tax anticipation notes, if utilized, are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty (120) days after the close of its fiscal year.

Capital Budget

In accordance with the Local Budget Law, each local governmental unit must adopt an annually revise a six-year capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local governmental unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the items were detailed.

Real Estate Taxes

The 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.A. 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 the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

Section 41 of the Local Budget Law provides, with regard to current taxes, that: "Receipts from the collection of taxes levied or to be levied in the municipality...shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by December 31 of such preceding fiscal year."

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 combined total, the product will at least be equal to the tax levy required to balance the budget. The reserve requirement is calculated as follows:

$$\frac{\text{Levy required to balance budget}}{\text{Prior year's percentage of current tax collection (or lesser \%)} } = \text{Total taxes to be levied}$$

Miscellaneous Revenue

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 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 (N.J.S.A. 40A:4-10). The exception to this is 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 calendar year.

Limitations on Municipal Appropriations and Local Unit Tax Levy

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

Chapter 62 of the Pamphlet Laws of 2007 imposed restrictions upon the allowable annual increase in the tax levy. In general, starting with Fiscal 2008 budgets, municipalities will have their tax levies limited to a four percent (4%) increase. The cap regulation 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 increases 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 public questions to the voters for approval (by affirmative vote of at least sixty (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.

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 and snow removal and repair of flood damage to streets, roads, and bridges, which may be amortized over three years; and tax map preparation, revision of ordinances, and master plan preparations, which may be amortized over five years.

Budget Transfers

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

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

FINANCIAL OPERATIONS

Basis of Accounting

The accounting policies of the Township conform to the accounting principals applicable to local governmental units which have been prescribed by the Division. The following is a summary of the significant accounting policies:

Basis of Accounting – A modified accrual basis of accounting is followed, with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from the State. Expenditures are recorded on the accrual basis. Appropriations reserves covering unexpended appropriation balances are automatically created on December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Fixed Assets – Property and equipment purchased throughout the Current and the General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized.

Current Fund

The Township's finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund. The Township operates on a January 1 to December 31 fiscal year.

General Expenditures

Expenditures are comprised of those made for general Township purposes, certain expenditures made from restricted Federal, State and private grants, certain Federal or State mandated expenditures, deferred charges, debt service and capital improvements. Budgeted expenditures for general Township purposes include payments made primarily in support of the Township's various departments.

Tax Collection Procedures

Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Township, County and Local 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 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. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. Annually, the properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey statutes.

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 County Board of Taxation 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 cancelled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the 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 Board may be financed, generally, over a three to seven year period.

Debt Statements

The Township must report all new authorizations of debt or changes in previously authorized debt to 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 Township 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 Township as of the previous December 31.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 401, et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, Public Law 100-597, effective November 3, 1988, the Bankruptcy Reform Act of 1994, effective October 22, 1994, and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-160 replace Form Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debt provided such entity is authorized by applicable state law; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

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

ABSENCES OF MATERIAL LITIGATION

To the knowledge of the Township or the Township Attorney, Jansen & DeBona, LLC, there is no litigation pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds now being offered for sale, or the levy or the collection of any taxes to pay the principal of or the interest on said Bonds, or in any manner questioning the authority or the proceedings for the issuance of said Bonds or for the levy or the collection of said taxes, or contesting the corporate existence or the boundaries of the Township or the title of any other present officers. A certificate to such effect will be executed by the Township's Attorney and delivered to the original purchaser of the Bonds at the closing. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters relating to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel to the Township, whose approving opinion will be delivered with the Bonds substantially in the form as set forth in Appendix C. Certain legal matters will be passed upon for the Township by its Attorney, Jansen & DeBona, LLC.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Township, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Township in connection with the Bonds, and Bond Counsel has assumed compliance by the Township with certain ongoing certifications to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code. The provisions of the American Recovery and Reinvestment Act of 2009 relating to the treatment of interest on certain tax-exempt bonds apply to the Bonds.

In addition, in the opinion of Bond Counsel to the Township, under existing statutes, interest on the Bonds is not included in gross income under the New Jersey Gross Income Tax Act.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing 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 under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. By executing its Arbitrage and Use of Proceeds Certificate to be delivered concurrently with the delivery of the Bonds, the Township will certify that, to the extent it is empowered and allowed under applicable law, it will comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

The Bonds are not taken into account (subject to certain limitations) in determining the portion of a financial institution's interest expense subject to the pro rata interest disallowance rule of Section 265(b) of the Code for costs of indebtedness incurred or continued to purchase or carry certain tax-exempt obligations. The Bonds, however, are taken into account in the calculation of the amount of a financial institution's preference items under Section 291 of the Code.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance

companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

SECONDARY MARKET DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the Township has undertaken to provide, on or before 240 days after the end of each of its fiscal years while the Bonds are outstanding, for filing with the Municipal Securities Rulemaking Board (the "MSRB") on an annual basis, financial and operating information of the type hereinafter described and included in this Official Statement, which is referred to herein as "Annual Information", together with the annual financial statements of the Township prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards and mandated state statutory principles as in effect from time to time for municipalities and counties. In addition, the Township has undertaken, for the benefit of the holders of the Bonds, to provide to the MSRB, in a timely manner, the notices required to be provided by Rule 15c2-12 and described below (the "Notices").

The Annual Information with respect to the Township means annual information concerning the Township which consists of financial and operating data of the Township of the type included in this Official Statement relating to the following: (i) property tax levies and collections; (ii) assessed value of taxable property; (iii) property tax rates; and (iv) outstanding debt.

The Notices include notices of any of the following events with respect to the Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls (other than mandatory sinking fund redemptions); (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes. In addition, the Township will undertake, for the benefit of the holders of the Bonds, to provide to the MSRB, in a timely manner, notice of any failure by the Township to provide the Annual Information and annual financial statements by the date required in the undertaking of the Township described above.

The sole and exclusive remedy for breach or default under the undertaking to provide continuing disclosure described above is an action to compel specific performance of the undertaking of the Township, and no person, including any holder of the Bonds, may recover monetary damages thereunder under any circumstances. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the undertaking, insofar as the provision of Rule 15c2-12 no longer in effect required the providing of such information, shall no longer be required to be provided.

The foregoing undertaking is intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The undertaking, however, may be amended or modified without consent of the holders of the Bonds under certain circumstances set forth in the undertaking. Copies of the undertaking when executed by the Township upon the delivery of the Bonds will be on file at the office of the Township Clerk.

The Township has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12.

PREPARATION OF OFFICIAL STATEMENT

Nisivoccia & Company LLP takes responsibility for the financial statements to the extent specified in their Accountant's Report included in Appendix B.

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

Hawkins Delafield & Wood LLP has not participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

LEGAL MATTERS

The delivery of the Bonds will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Newark, New Jersey. Such opinion will accompany the Bonds and will be to the effect that the Bonds are valid and legally binding obligations of the Township, and the Township has the power and obligation to levy ad valorem taxes upon all taxable property of said Township for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

CREDIT RATING

The Township has applied for a rating on the Bonds from Standard & Poor's rating agency. An explanation of the significance of such credit ratings may be obtained from Standard & Poor's at 55 Water Street, New York, New York 10041. The Township furnished Standard & Poor's with certain information and materials concerning the Bonds and the Township. 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 ratings are not a recommendation to buy, sell or hold the Bonds and there can be no assurance that any such ratings will be maintained for any given period of time or that such ratings 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 ratings may have an adverse effect on the marketability or market price of the Bonds.

CLOSING CERTIFICATES

The purchaser will be furnished, at the time the Bonds are delivered, certificates in form satisfactory to Bond Counsel evidencing (a) the proper execution and delivery of the Bonds, (b) receipt and payment therefor, and (c) the absence of litigation now pending or, to the knowledge of the officers signing the Bonds, threatened to restrain or enjoin the issuance or delivery of the Bonds.

Upon request, the Township will state in a certificate signed on its behalf by its Chief Financial Officer and delivered at the closing, that to such official's knowledge the descriptions and statements in this Official Statement, on the date of this Official Statement, are true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to Mr. Norman Eckstein, Chief Financial Officer, Township of Boonton, 155 Powerville Road, Boonton, New Jersey, 07005 (973) 402-4003.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of 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 Township and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion 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 nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the Township, the State or any of their agencies or authorities, since the date hereof.

This Official Statement has been duly executed and delivered by the Chief Financial Officer of the Township.

THE TOWNSHIP OF BOONTON,
In the County of Morris, New Jersey

Norman Eckstein
Chief Financial Officer

APPENDIX A

**DESCRIPTION OF
TOWNSHIP OF BOONTON
TOGETHER WITH CERTAIN ECONOMIC
AND
DEBT INFORMATION**

**APPENDIX A
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Township of Boonton

General Information

The Township, founded in 1867, is a pastoral community comprised of approximately 8 square miles nestled among the rolling hills and fields of the Rockaway Valley in north central Morris County. Boonton Township has managed to preserve much of its natural character and rural charm despite development pressure from neighboring municipalities, which today makes Boonton Township one of the more desirable communities in Morris County.

The Township is 8 square miles, with 29 miles of roadways, nearly 1,500 homes and approximately 4,200 residents. Many working residents commute by car or bus to New York City and to corporate offices in Morris County.

Type of Government

The Township government consists of a five-member Township Committee. The Township Committee members are elected for a three-year term. The Township Committee on an annual basis selects the Mayor and Deputy Mayor. The Township employs 17 full-time and 12 part-time personnel.

Township Officials

Administrator/Municipal Clerk

Mrs. Barbara Shepard was appointed Administrator and Municipal Clerk in 1999 and is tenured as Municipal Clerk. Mrs. Shepard oversees the daily operations of the Township.

Chief Financial Officer

Mr. Norman Eckstein was appointed Chief Financial Officer, Tax Collector, and Treasurer in 2001 and is tenured. Mr. Eckstein is responsible for the maintenance of the Township's finances.

Land Development

The Township is a suburban community of predominantly single family detached owner-occupied homes, ranging in price from \$350,000 for small older houses to over \$3,000,000 for the newer residences.

Of the total land area of 5,332 acres, approximately 54%, or 2,884 acres, has been developed. Of the remaining 2,448 acres, or 6% or 303 acres is vacant and 22% or 1,150 acres is farmland with limited development potential. The remaining 994 acres are publicly owned and/or preserved property.

Build-out analyses have been performed as part of the Highlands Water Protection and Planning Act. Calculations indicate that no more than 180 new residential units can be built in the Township.

Educational Facilities

The Board of Education (the "Board"), composed of nine members elected on a staggered basis for three-year terms, governs the operations of the school district, a Type II district. The Board is the policy making body and appoints the Superintendent of Schools who is responsible for the educational process and business operation of the school district.

The Board operates one elementary school, grades Kindergarten through eighth grade. There is a long term sending agreement with the Borough of Mountain Lakes Board of Education for Township students to attend Mountain Lakes High School.

Health Care Facilities

Hospital services are available at St. Clare's in Denville, Morristown Memorial Hospital in Morristown, and Chilton Memorial Hospital in Pompton Plains. All hospitals offer medical care in modern facilities.

Serving the Township is the Kiwanis First Aid Squad with approximately 20 members and 2 ambulances.

Municipal Services

Police

The Police Department consists of a Chief of Police, 3 sergeants, 9 patrol officers and 1 civilian employee.

Fire

Fire protection is furnished by the Boonton Township Volunteer Fire Department with an active base of 50 members. There are two fire stations which house the following equipment: a command vehicle, a tanker, four pumpers, and a utility vehicle.

Recreational Facilities

The coordination and supervision of most of the Township's recreational programs are under the direction of the Recreation Director. There are three municipal parks in the Township. The RVA Fields provide over 55 acres of playing fields, a picnic pavilion and playground. Leonard Park has tennis courts, basketball courts and a playground / picnic area. Griffith Park is a picnic area. Tri-town organizations provide baseball, softball, lacrosse, soccer and football leagues.

In addition to the parks the Township owns over 250 acres of passive open space property which include hiking trails.

The Township has had in place an open space tax which currently collects three cents per \$100 of assessed value for acquisition and maintenance of open space property.

Utilities

Public Utilities

New Jersey Natural Gas, JCP&L, Verizon Telephone Company, Cablevision and other major utilities supply utility needs. Various companies are used for oil, gas and heating repair services.

Municipal Utilities

At present the Township's Municipal Utilities provide potable water to approximately 15% of the Township's residential properties, while providing sanitary sewerage collection for 29% of the Township's residential properties.

The Boonton Township Water Utility purchases all water from the Town of Boonton. This utility is only a distributor of water.

The Boonton Township Sewer Utility only provides for the collection of sanitary sewerage. Sewerage is treated by the Rockaway Valley River Sewer Authority.

SERVICE CHARGES

Water Utility Fund:

Consumption Charges:	
1 – 8,500 Gallons	\$80.00 / quarter
Excess of 10,000 Gallons	\$12.05 / 1,000 gallon
Connection Fee	\$3,000 for first 5 feet and \$100.00 per foot thereafter, plus cost of the meter
Meter fee / purchase	\$200.00
Late Payment Charge, Annual Percentage	
Up to \$1,500.00	8.00%
Over \$1,500.00	18.00%

Sewer Utility Fund:

User Charges:	
Residential	\$310.00 per annum
Commercial	\$3.00/1,000 gallons of water consumption
House Connection Fee	\$1,500.00
Late Payment Charge, Annual Percentage	
Up to \$1,500.00	8.00%
Over \$1,500.00	18.00%

Source: Township's Ordinance # 763.

MUNICIPAL UTILITIES COMPARISON OF USER CHARGES AND COLLECTIONS

	<u>User Charges</u>	<u>Collection</u>	
		<u>Amount</u>	<u>Percent</u>
Water Utility Fund:			
2008	\$206,087	\$188,653	91.54%
2007	130,262	123,877	95.10
2006	141,290	142,492	100.85
2005	142,110	138,944	97.77
2004	117,396	115,353	98.26
Sewer Utility Fund:			
2008	\$164,479	\$161,750	98.34%
2007	134,158	128,610	95.86
2006	114,454	115,954	101.31
2005	101,571	98,504	96.98
2004	87,913	87,008	98.97

Source: The Township's Audited Financial Statements.

**MUNICIPAL UTILITIES
COMPARATIVE SCHEDULES OF FUND BALANCES**

	<u>Balance December 31,</u>	<u>Utilized In Succeeding Year's Budget</u>
Water Utility Fund:		
2008	\$95,965	\$56,504
2007	92,791	48,886
2006	44,916	30,000
2005	63,487	50,100
2004	34,101	16,300
Sewer Utility Fund:		
2008	\$66,579	\$17,381
2007	48,471	16,435
2006	42,136	16,335
2005	55,481	50,824
2004	76,316	34,600

Source: The Township's Audited Financial Statements.

**MUNICIPAL UTILITIES
HISTORICAL OPERATIONS**

Water Utility Fund:	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues:					
User Charges	\$188,653	\$123,877	\$142,492	\$138,944	\$115,353
Other	5,793	6,902	6,303	1,962	1,113
Prior Year Operating Surplus	<u>48,886</u>	<u>30,000</u>	<u>50,100</u>	<u>16,300</u>	<u>43,000</u>
	\$243,332	\$160,779	\$198,895	\$157,206	\$159,466
Expenses:					
Operations	185,000	134,000	171,600	135,500	150,000
Capital Improvements	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	<u>3,000</u>	<u>3,000</u>
Total Operations and Capital Improvements	189,500	138,500	176,100	138,500	153,000
Net Available For Debt Service	\$ 53,832	\$ 22,279	\$ 22,795	\$ 18,706	\$ 6,466
Debt Service	5,100	5,182	5,000	3,800	1,200
Coverage	10.56x	4.30x	4.56x	4.92x	5.39x

Sewer Utility Fund:

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues:					
User Charges	\$161,750	\$128,610	\$115,954	\$ 98,504	\$ 87,008
Other	11,872	13,786	11,680	4,738	3,697
Prior Year Operating Surplus	<u>16,435</u>	<u>16,335</u>	<u>50,824</u>	<u>34,600</u>	<u>37,000</u>
	\$190,057	\$158,731	\$178,458	\$137,842	\$127,705
Expenses:					
Operations	137,500	141,500	135,730	112,800	102,200
Capital Improvements	<u>10,000</u>	<u>-0-</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
Total Operations and Capital Improvements	147,500	141,500	150,730	127,800	117,200
Net Available for Debt Service	\$ 42,557	\$ 17,231	\$ 27,728	\$ 10,042	\$ 10,505
Debt Service	8,205	3,810	2,654	1,300	1,300
Coverage	5.19x	4.52x	10.45x	7.72x	8.08x

Source: The Township's Audited Financial Statements.

Retirement Systems

All permanent or qualified Township employees are enrolled in one of two retirement systems depending upon their employment status. These systems were established by acts of the State legislature. Benefits, contributions, means of funding and the manner of administration are set by the State. The Division of Pensions within the Treasury Department of the State is the Administrator of the funds with the benefit and contribution level set by the State. The township is enrolled in the Public Employees' Retirement System and the Police and Fireman's Retirement System.

Public Employees' Retirement System

The Public Employees' Retirement System (PERS) include approximately 24 permanent employees. PERS is evaluated every year. Employee rates for contribution are normally determined by the rate applicable at the time of employment.

Police and Fireman's Retirement System

All 13 Police personnel are covered under the Police and Fireman's Retirement System (PFRS).

The following schedule sets for the retirement benefits paid by the Township for the past five years:

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
PFRS	\$215,416	\$122,848	\$ 87,793	\$ 38,271	\$ 18,258
PERS	26,998	14,450	7,513	2,647	-0-
OASI*	<u>124,923</u>	<u>120,027</u>	<u>113,000</u>	<u>106,835</u>	<u>99,779</u>
	\$367,337	\$257,325	\$208,306	\$147,753	\$118,037

* Social Security

Source: The Township's Audited Financial Statements.

Liability Insurance

The Township is currently insured through the Morris County Joint Insurance Fund.

Collective Bargaining Representation

The Policemen's Benevolent Association represents 12 police officers. The police contract expires December 31, 2011.

CAPITAL IMPROVEMENT PROGRAM

The capital budget does not constitute the approval or appropriation of funds, but sets forth a plan for possible capital expenditures. Each capital expenditure when to be incurred is subject to approval by ordinance of the Township Committee and must be included as part of each year's capital budget as adopted and/or amended. The Township's Capital Improvement Program annual funding amount is summarized below.

Annual Funding Amounts

	<u>Year</u>	<u>General</u>	<u>Water</u>	<u>Sewer</u>
	2009 Budget	\$70,000	\$ 2,250	\$ 6,000

Source: The Township's 2009 Budget.

Current Year Projects:

<u>Project Title</u>	<u>Estimated Total Cost</u>	<u>Funding Sources and Amounts</u>	
		<u>Capital Improvement Fund</u>	<u>Debt Authorized</u>
Roadwork and Drainage Repair	\$350,000	\$17,000	\$333,000
Generator	<u>7,000</u>	<u>7,000</u>	<u>-0-</u>
Total	<u>\$357,000</u>	<u>\$24,000</u>	<u>\$333,000</u>

Source: The Township's amended 2009 Capital Budget.

CURRENT FUND REVENUE SOURCES

<u>Year</u>	<u>Budget Requirement</u>	<u>Revenue Surplus Appropriated</u>	<u>Realized Miscellaneous Revenues</u>	<u>Realized Receipts From Delinquent Taxes</u>	<u>Realized Amount To Be Raised By Taxation</u>	<u>Excess</u>
2008	\$4,683,474	\$765,000	\$ 886,444	\$428,687	\$2,947,023	\$343,680
2007	4,644,380	765,000	1,035,907	249,321	2,794,780	200,628
2006	4,431,633	766,499	989,743	186,804	2,858,162	369,575
2005	4,107,734	713,000	989,273	156,613	2,757,132	508,284
2004	4,036,839	655,844	1,217,108	149,616	2,566,365	552,094

Source: The Township's Audited Financial Statements.

**CURRENT FUND BALANCES AND AMOUNTS UTILIZED
IN SUCCEEDING YEAR'S BUDGET**

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Succeeding Year's Budget</u>	
		<u>Amount</u>	<u>Percent</u>
2008	\$ 768,411	\$675,000	87.84%
2007	884,057	765,000	86.53
2006	937,467	765,000	81.60
2005	1,082,666	766,499	70.80
2004	927,403	713,000	76.88

Source: The Township's Audited Financial Statements.

**TAX INFORMATION
As of December 31 for Years Shown**

Tax Collection Procedure

The Township is the political entity responsible for the levying and collection of taxes on all taxable property within its borders, including the tax levies for the county and the school district. The levying of taxes is for a fiscal year, which starts July 1 and ends June 30. The collection of taxes to support a local government unit's current budget requirement is based upon a calendar year, January 1 to December 31.

The taxes for the municipality, county, and school district cover the current calendar year. Turnover of the tax monies by the municipality to the school district are based on the school's needs and are generally made on a monthly basis throughout the year. The municipality remits county taxes, payable quarterly on the 15th day of February, May, August, and November.

Property taxes are levied as of January 1 on property values assessed of the previous year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates; February 1 and May 1. The final tax bills are also divided into two due dates; August 1 and November 1.

A ten-day grace period is granted before the taxes are considered delinquent and the imposition of interest charges. Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500. Unpaid taxes of the prior year may be placed in lien at a tax sale in accordance with State Statutes. Tax liens are subsequently subject to foreclosure proceedings in order to enforce collections or acquire title to the property.

TAX RATES, TAX LEVIES, & TAX COLLECTIONS

Tax Rate Apportionment Per \$100 of Assessed Valuation

<u>Year</u>	<u>Municipal Purpose</u>	<u>Municipal Open Space</u>	<u>County Purpose</u>	<u>County Open Space</u>	<u>District School</u>	<u>Tax Rate</u>
2009	\$.255	\$.030	\$.188	\$.032	\$.954	\$1.459
2008	.243	.030	.183	.042	.925	1.423
2007	.235	.036	.180	.046	.893	1.390(1)
2006	.484	.040	.364	.088	1.894	2.870
2005	.454	.041	.356	.080	1.869	2.800

(1) Revaluation became effective in this year.
 Source: Morris County Board of Taxation.

MAJOR REAL PROPERTY TAXPAYERS

<u>Taxpayer</u>	<u>2009 Assessed Taxpayer Valuation</u>
199 Powerville Road, LLC	\$9,125,600
Shamrock Village LLC	8,350,000
Witman at Stonehenge LLC	6,931,000
Individual Taxpayer #1	5,257,400
RFL Electronics	5,000,000
Johanson Associates	4,790,400
Individual Taxpayer #2	3,374,800
Individual Taxpayer #3	3,182,500
Individual Taxpayer #4	3,167,100
Individual Taxpayer #5	<u>3,083,700</u>
Total Assessed Valuation	<u>\$52,262,500</u>
Percent of Township's Total Real Property Assessed Valuation	<u>4.6%</u>

Source: The Township's Tax Assessor.

PROPERTY VALUATIONS

Real Property Net Assessed Valuations by Classification

<u>Classification</u>	<u>2009</u>	<u>2008</u>	<u>2007 (1)</u>	<u>2006</u>	<u>2005</u>
Residential	\$1,052,547,600	\$1,050,841,100	\$1,049,570,100	\$481,795,295	\$471,876,321
Apartment	571,000	571,000	571,000	183,800	183,800
Farm	24,324,200	25,193,500	24,249,400	12,195,700	12,674,400
Commercial	16,697,700	16,901,200	16,901,200	8,050,200	8,049,800
Industrial	18,168,900	18,460,900	18,460,900	9,487,200	9,487,200
Vacant Land	<u>23,894,100</u>	<u>27,245,200</u>	<u>29,126,600</u>	<u>10,874,700</u>	<u>12,281,800</u>
Subtotal	\$1,136,203,500	\$1,139,212,900	\$1,138,879,200	\$522,586,895	\$514,553,321
Exempt					
Public	43,241,900	42,482,800	39,051,900	16,250,779	15,155,979
Other	<u>39,458,100</u>	<u>39,458,100</u>	<u>39,458,100</u>	<u>30,944,200</u>	<u>31,422,800</u>
Total	<u>\$1,218,903,500</u>	<u>\$1,221,153,800</u>	<u>\$1,217,389,200</u>	<u>\$569,781,874</u>	<u>\$561,132,100</u>

(1) Revaluation became effective in this year.

Source: Tax List District Summaries for years shown.

Net Assessed and Equalized Property Valuations

<u>Classification</u>	<u>2009</u>	<u>2008</u>	<u>2007 (1)</u>	<u>2006</u>	<u>2005</u>
Net Assessed Valuation:					
Real Property	\$1,136,203,500	\$1,139,212,900	\$1,138,879,200	\$522,586,895	\$514,553,321
Personal Tangible Property	<u>1,112,082</u>	<u>959,168</u>	<u>912,981</u>	<u>471,378</u>	<u>566,000</u>
Total	\$1,137,315,582	\$1,140,172,068	\$1,139,792,181	\$523,058,273	\$515,119,321
Percent Increase / (Decrease)	(.25%)	.03%	N/A	1.54%	2.04%
Equalized Valuation:					
Equalized Ratio	105.79%	103.61%	104.00%	50.16%	55.72%
Equalized Valuation	\$1,075,069,082	\$1,100,445,969	\$1,095,954,020	\$1,042,779,651	\$924,478,322
Percent Increase / (Decrease)	(2.31%)	.41%	5.10%	12.80%	13.21%

(1) Revaluation became effective in this year.

Source: County of Morris Abstract of Ratables for years shown.

TAX LEVY APPORTIONMENT

<u>Year</u>	<u>Municipal Purpose</u>	<u>Municipal Open Space</u>	<u>County Purpose</u>	<u>County Open Space</u>	<u>District School</u>	<u>Total</u>
2009 (1)	\$ 2,903,193	\$ 341,270	\$ 2,138,625	\$ 364,021	\$10,849,991	\$16,597,100
2008	2,837,257	343,423	2,092,810	471,610	10,538,903	16,284,003
2007	2,760,667	400,780	2,043,614	511,041	10,163,910	15,880,012
2006	2,655,050	210,879	1,912,536	457,431	9,905,790	15,141,686
2005	2,496,937	208,417	1,841,719	406,716	9,618,722	14,572,511

(1) Unaudited.

Source: The Township's Audited Financial Statements for 2005 – 2008 information.

TAX COLLECTION EXPERIENCE

<u>Year</u>	<u>Tax Levy</u>	<u>Current Levy Collection</u>		<u>Delinquent Taxes Collected</u>	<u>Total Taxes Collected</u>	<u>Percent of Current Levy</u>
		<u>Amount</u>	<u>Percent</u>			
2008	\$16,284,003	\$15,870,874	97.46%	\$428,687	\$16,299,561	100.10%
2007	15,880,012	15,420,099	97.10	249,321	15,669,420	98.67
2006	15,141,686	14,864,856	98.17	186,804	15,051,660	99.41
2005	14,572,511	14,373,217	98.63	156,613	14,529,830	99.71
2004	13,587,598	13,431,770	98.85	149,616	13,581,386	99.95

Source: The Township's Audited Financial Statements.

MUNICIPAL PURPOSE TAX LEVY

<u>Year</u>	<u>Municipal Purpose Tax Levy</u>	<u>(1)</u>		<u>Total Collected</u>	<u>Reserve For Uncollected Taxes</u>
		<u>Current Tax Collection</u>	<u>Delinquent Tax Levy Collection</u>		
2008	\$2,837,257	\$2,947,023	\$428,687	\$3,375,710	\$522,894
2007	2,760,667	2,794,780	249,321	3,044,101	503,385
2006	2,655,050	2,858,162	186,804	3,044,966	479,943
2005	2,496,937	2,757,132	156,613	2,913,745	459,489
2004	2,307,059	2,566,365	149,616	2,715,981	415,134

(1) Reflects actual taxes collected less amounts paid to the Municipal Open Space, County, and School Districts.

Source: The Township's Audited Financial Statements.

TAX TITLE LIENS AND DELINQUENT TAXES

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percent of Tax Levy</u>
2008	\$27,662	\$289,028	\$316,690	1.94%
2007	1,060	437,021	438,081	2.76
2006	851	248,988	249,839	1.65
2005	-0-	190,883	190,883	1.31
2004	56,320	145,231	201,551	1.48

Source: The Township's Audited Financial Statements.

TAX TITLE LIENS

<u>Year</u>	<u>Balance January 1,</u>	<u>Transferred From Taxes Receivable</u>	<u>Interest and Costs on Tax Sale</u>	<u>Property Acquired For Taxes</u>	<u>Balance December 31,</u>
2008	\$ 1,060	\$26,449	\$153	\$ -0-	\$27,662
2007	851	209	-0-	-0-	1,060
2006	-0-	799	52	-0-	851
2005	56,320	-0-	-0-	56,320	-0-
2004	48,175	8,145	-0-	-0-	56,320

Source: The Township's Audited Financial Statements.

FORECLOSED PROPERTY

<u>Year</u>	<u>Balance January 1,</u>	<u>Foreclosed Tax Liens</u>	<u>Adjustment to Assessed Valuation</u>	<u>Balance December 31,</u>
2008	\$473,730	\$ -0-	\$ -0-	\$473,730
2007	473,730	-0-	-0-	473,730
2006	473,730	-0-	-0-	473,730
2005	167,530	56,320	249,880	473,730
2004	167,530	-0-	-0-	167,530

Source: The Township's Audited Financial Statements.

**COMPARISON OF MUNICIPAL TAX LEVY
TO DEBT SERVICE REQUIREMENT**

<u>Year</u>	<u>Municipal Purpose Tax Levy</u>	<u>Debt Service Requirement (2)</u>	<u>Percent of Debt Service to Tax Levy</u>
2009 (1)	\$ 2,903,193	\$398,577	13.73%
2008	2,837,257	388,765	13.70
2007	2,760,667	379,507	13.75
2006	2,655,050	415,390	15.65
2005	2,496,937	372,349	14.91

(1) Unaudited.

(2) Excludes Water and Sewer Utilities' Debt.

Source: The Township's Audited Financial Statements.

DEBT INFORMATION

The Township's debt incurring capacity is limited to by statute to 3.50% of its statutory equalized valuation. The levy of taxes to pay annual debt service requirements is not limited by any State statute or law.

The following schedules set forth information on the amounts of debt issued and outstanding, debt authorized but not issued debt, annual debt service requirements, and overlapping debt. After the date noted above, the debt information and statistics noted below may vary from the figures shown because of either a reduction or an increase in the amounts of debt for each of the political entities noted.

STATUTORY DEBT INFORMATION (As of December 31, 2008)

	<u>Gross Debt</u>	<u>Deduction</u>	<u>Net Debt</u>
School Purpose			
Bonds and Notes Issued	\$2,778,000		
Less Deductions		\$2,778,000	
Net Debt for School Purpose			\$ -0-
Water Utility Purpose			
Bonds and Notes Issued	82,898		
Water Assessment	16,931		
Less Deductions		99,829	
Net Debt for Water Purpose			-0-
Sewer Utility Purpose			
Sewer Assessment Issued	210,013		
Authorized But Not Issued	5,771		
Less Deductions		215,784	
Net Debt for Sewer Purpose			-0-
Municipal Purpose			
General Purpose			
Bonds and Notes Issued	1,035,164		
Green Trust Loan	5,851		
Authorized But Not Issued	194,750		
Less Deductions		-0-	
Net Debt for General Purpose			1,235,765
Assessment			
Bonds and Notes Issued	890,302		
Less Deductions		85,943	
Net Debt for Assessment Purpose			804,359
Open Space			
Bonds and Notes Issued	2,060,706		
Authorized But Not Issued	1,214,000		
Less Deductions		3,274,706	
Net Debt for Open Space Purpose			-0-
Total Gross Statutory Debt	<u>\$8,494,386</u>		
Total Statutory Deductions		<u>\$6,454,262</u>	
Total Net Statutory Debt			<u>\$2,040,124</u>

Source: The Township's Audited Financial Statements.

STATUTORY BORROWING POWER
(As of December 31, 2008)

Equalized Valuation (1)	\$1,078,812,092
Statutory Borrowing Power (2)	\$37,758,423
Statutory Net Debt	<u>2,040,124</u>
Statutory Remaining Borrow Power	<u>\$35,718,299</u>
Ratio:	
Statutory Net Debt to Equalized Valuation	.19%

(1) Average for the years, 2008, 2007, and 2006, as calculated by the State.

(2) 3.50% of State equalized valuation.

Source: The Township's Audited Financial Statements.

AUTHORIZED BUT NOT ISSUED DEBT
(As of December 31, 2008)

Sewer Improvements	\$ 5,771
General Improvements	194,750
Open Space Improvements	<u>1,214,000</u>
	<u>\$1,414,521</u>

Source: The Township's Audited Financial Statements.

TEMPORARY DEBT ISSUED AND OUTSTANDING
(As of December 31, 2008)

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
General:			
General Purpose	3.00%	01-23-09	\$735,164
Assessment	3.00%	01-23-09	890,302
Open Space	3.00%	01-23-09	1,560,706
	2.25%	01-23-09	<u>500,000</u>
			2,060,706
Water System:			
Water Capital	3.00%	01-23-09	82,898
Water Assessment	3.00%	01-23-09	<u>16,931</u>
			99,829
Sewer System:			
Sewer Assessment	3.00%	01-23-09	<u>210,013</u>
Total Temporary Debt Issued and Outstanding			<u>\$3,996,014</u>

Source: The Township's Audited Financial Statements.

PERMANENT DEBT ISSUED AND OUTSTANDING
(As of December 31, 2008)

<u>Purpose</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
General:			
General Purpose	5.15%	07-01-10	\$300,000
Green Trust Loan	2.00%	05-16-11	<u>5,851</u>
Total Permanent Debt Issued and Outstanding			<u>\$305,851</u>

Source: The Township's Audited Financial Statements.

**SCHEDULE OF DEBT SERVICE OF OUTSTANDING BONDS - PRINCIPAL
(As of December 31, 2008)**

<u>Year</u>	<u>General</u>
2009	\$150,000
2010	<u>150,000</u>
	<u>\$300,000</u>

Source: The Township's Audited Financial Statements.

**SCHEDULE OF DEBT SERVICE OF OUTSTANDING GREEN TRUST LOAN – PRINCIPAL
(As of December 31, 2008)**

<u>Year</u>	<u>General</u>
2009	\$ 2,305
2010	2,352
2011	<u>1,194</u>
	<u>\$ 5,851</u>

Source: The Township's Audited Financial Statements.

**DIRECT AND OVERLAPPING DEBT ISSUED AND OUTSTANDING
(As of December 31, 2008)**

	<u>Direct Debt</u>		<u>Direct and Overlapping Debt</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Direct Debt:				
General Purpose	\$1,235,765	\$1,235,765	\$1,235,765	\$1,235,765
Assessment	890,302	804,359	890,302	804,359
Open Space	3,274,706	-0-	3,274,706	-0-
Self – Supporting:				
Water Utility	99,829	-0-	99,829	-0-
Sewer Utility	215,784	-0-	215,784	-0-
Overlapping Debt:				
Morris County (1)	-0-	-0-	2,795,993	-0-
School District	2,778,000	-0-	2,778,000	-0-
Rockaway Valley Regional Sewerage Authority (2)	<u>-0-</u>	<u>-0-</u>	<u>161,069</u>	<u>-0-</u>
Gross Direct Debt	<u>\$8,494,386</u>			
Net Direct Debt		<u>\$2,040,124</u>		
Gross Direct and Overlapping Debt			<u>\$11,451,448</u>	
Net Direct and Overlapping Debt				<u>\$2,040,124</u>

(1) The Township's share (1.07%) is obtained from the County.

(2) The Township's share (1.01%) is obtained from Rockaway Valley Regional Sewerage Authority.

Sources: The Township's Audited Financial Statements and the various political sub-divisions noted above.

DEBT RATIOS

	<u>Direct Debt</u>		<u>Direct and Overlapping Debt</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
	Per Capita (1)	\$1,981	\$476	\$2,671
Equalized Valuation (2)	.77%	.19%	1.04%	.19%

(1) 2000 Census Population figure (4,287).

(2) 2008 Equalized Valuation as prepared by the County of Morris is \$1,099,520,220.

Sources: The Township's Audited Financial Statements and the various political sub-divisions noted above.

APPENDIX B
FINANCIAL STATEMENTS

TOWNSHIP OF BOONTON
COUNTY OF MORRIS
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

TOWNSHIP OF BOONTON
FINANCIAL STATEMENTS
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Notes to Financial Statements	B-28 to B-46



Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856
Phone: 973-328-1825
Fax: 973-328-0507

Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
Phone: 973-383-6699
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Independent Auditors' Report

The Honorable Mayor and Members
of the Township Committee
Township of Boonton
Boonton, New Jersey

We have audited the financial statements of the various funds of the Township of Boonton in the County of Morris (the "Township") as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the Township as of December 31, 2007 were audited by other auditors whose opinion dated June 25, 2008 expressed an unqualified opinion on those financial statements prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), 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 examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements have been prepared in conformity with accounting principles prescribed by the Division that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because the Township prepares its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008, and the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the various funds of the Township of Boonton at December 31, 2008, and the results of operations and changes in fund balances, where applicable, of such funds, thereof for the year then ended, in conformity with accounting principles prescribed by the Division, as described in Note 1.

June 22, 2009


NISIVOC CIA & COMPANY LLP

TOWNSHIP OF BOONTON
BALANCE SHEET - CURRENT FUND

	<u>December 31, 2008</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,374,546
Delinquent Taxes and Tax Title Liens Receivable	316,690
Property Acquired for Taxes - Assessed Value	473,730
Accounts Receivable	30,887
Interfund Receivable	13,126
Deferred Charges	25,000
	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 2,233,979</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Appropriation Reserves	\$ 437,410
Accounts Payable, Other Liabilities and Reserves	222,282
Interfunds Payable	12,678
Reserve for Receivables and Other Assets	793,198
Fund Balance	768,411
	<hr/>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 2,233,979</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - CURRENT FUND

	<u>For the Year Ended December 31, 2008</u>
<u>Revenue and Other Income Realized</u>	
Fund Balance Utilized	\$ 765,000
Miscellaneous Revenue Anticipated	886,444
Receipts from Delinquent Taxes	428,687
Receipts from Current Taxes	15,870,874
Nonbudget Revenue	167,827
Unexpended Balance of Appropriation Reserves	166,371
Other Credits to Income	122,582
Total Income	<u>18,407,785</u>
 <u>Expenditures</u>	
Budget Appropriations	4,160,567
County Taxes	2,564,419
Local School District Taxes	10,538,903
Local Open Space Taxes	343,423
Other Expenditures	151,119
Total Expenditures	<u>17,758,431</u>
 Excess in Revenue	 649,354
 <u>Fund Balance</u>	
Balance January 1	<u>884,057</u>
	1,533,411
Decreased by:	
Utilized as Anticipated Revenue	<u>765,000</u>
 Balance December 31	 <u>\$ 768,411</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF REVENUE - CURRENT FUND

	For the Year Ended December 31, 2008	
	Budget After Modification	Realized
Fund Balance Anticipated	\$ 765,000	\$ 765,000
Miscellaneous Revenue Anticipated	838,837	886,444
Receipts from Delinquent Taxes	300,000	428,687
Amount to be Raised by Taxes for Support of Municipal Budget:		
Local Tax for Municipal Purposes	2,779,637	2,947,023
Total Budget Revenue	4,683,474	5,027,154
 Nonbudget Revenue		 167,827
	\$ 4,683,474	\$ 5,194,981

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF EXPENDITURES - CURRENT FUND

For the Year Ended December 31, 2008

	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations:				
Salaries and Wages	\$ 1,674,400	\$ 1,583,235	\$ 91,165	
Other Expenses	1,866,266	1,694,469	171,797	
Capital Improvements	70,000	70,000		
Debt Service	388,778	388,765		\$ 13
Deferred Charges and Statutory Expenditures	161,135	152,058	9,077	
Reserve for Uncollected Taxes	522,895	522,895		
	<u>\$ 4,683,474</u>	<u>\$ 4,411,422</u>	<u>\$ 272,039</u>	<u>\$ 13</u>
 Original Budget	 \$ 4,677,105			
N.J.S.A. 40A:4-87	6,369			
	<u>\$ 4,683,474</u>			

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
BALANCE SHEET - TRUST FUNDS

	<u>December 31, 2008</u>
 <u>ASSETS</u>	
Assessment Trust Fund:	
Cash and Cash Equivalents	\$ 86,115
Assessment Receivable	907,726
Total Assessment Trust Fund	<u>993,841</u>
 Animal Control Fund:	
Cash and Cash Equivalents	15
Total Animal Control Fund	<u>15</u>
 Other Trust Funds:	
Cash and Cash Equivalents	780,000
Total Other Trust Funds	<u>780,000</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 1,773,856</u>
 <u>LIABILITIES AND RESERVES</u>	
Assessment Trust Fund:	
Bond Anticipation Notes	\$ 890,302
Interfunds Payable	172
Reserve for Assessments Receivable and Liens	103,367
Total Assessment Trust Fund	<u>993,841</u>
 Animal Control Fund:	
Interfunds Payable	9
Reserve for Dog Fund Expenditures	6
Total Animal Control Fund	<u>15</u>
 Other Trust Funds:	
Interfunds Payable	160
Deposits and Reserves	779,840
Total Other Trust Funds	<u>780,000</u>
 <u>TOTAL LIABILITIES AND RESERVES</u>	 <u>\$ 1,773,856</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF REVENUE - ASSESSMENT TRUST FUND

	<u>For the Year Ended December 31, 2008</u>	
	<u>Budget After Modification</u>	<u>Realized</u>
Assessment Cash	<u>\$ 56,445</u>	<u>\$ 56,445</u>
	<u>\$ 56,445</u>	<u>\$ 56,445</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF EXPENDITURES - ASSESSMENT TRUST FUND

	For the Year Ended December 31, 2008	
	Budget After Modification	Realized
Payment of Bond Anticipation Notes	\$ 56,445	\$ 56,445
	\$ 56,445	\$ 56,445

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
BALANCE SHEET - GENERAL CAPITAL FUND

	<u>December 31, 2008</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 581,368
Grant Receivable	4,030,000
Deferred Charges to Future Taxation	<u>4,510,471</u>
<u>TOTAL ASSETS</u>	<u>\$ 9,121,839</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>	
Bonds, Notes and Loans Payable	\$ 3,101,721
Improvement Authorizations	4,231,219
Interfunds Payable	106
Other Liabilities and Special Funds	149,330
Reserve for Receivables	1,630,000
Fund Balance	<u>9,463</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 9,121,839</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND

	<u>For the Year Ended December 31, 2008</u>
Balance January 1	\$ -0-
Increased by:	
Premiums on Bond Anticipation Notes	<u>9,463</u>
Balance December 31	<u><u>\$ 9,463</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
BALANCE SHEET - WATER UTILITY FUND

	<u>December 31, 2008</u>
<u>ASSETS</u>	
Operating Fund:	
Cash and Cash Equivalents	\$ 160,194
Interfunds Receivable	40
Receivables with Full Reserves	<u>27,608</u>
Total Operating Fund	<u>187,842</u>
Assessment Fund:	
Cash and Cash Equivalents	4,944
Assessments Receivable	<u>11,990</u>
Total Assessment Fund	<u>16,934</u>
Capital Fund:	
Cash and Cash Equivalents	36,038
Interfunds Receivable	296
Fixed Capital	<u>117,209</u>
Total Capital Fund	<u>153,543</u>
<u>TOTAL ASSETS</u>	<u>\$ 358,319</u>

TOWNSHIP OF BOONTON
BALANCE SHEET - WATER UTILITY FUND

December 31, 2008

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:

Appropriation Reserves	\$ 60,870
Other Liabilities and Special Funds	3,102
Interfunds Payable	297
Reserve for Receivables	27,608
Fund Balance	<u>95,965</u>
Total Operating Fund	<u>187,842</u>

Assessment Fund:

Bond Anticipation Notes	16,931
Interfunds Payable	<u>3</u>
Total Assessment Fund	<u>16,934</u>

Capital Fund:

Bond Anticipation Notes	82,897
Interfunds Payable	38
Other Liabilities and Special Funds	36,000
Reserve for Amortization	34,311
Fund Balance	<u>297</u>
Total Capital Fund	<u>153,543</u>

TOTAL LIABILITIES, RESERVES AND FUND BALANCE

\$ 358,319

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
WATER UTILITY OPERATING FUND

	<u>For the Year Ended</u> <u>December 31, 2008</u>
<u>Revenue and Other Income Realized</u>	
Fund Balance Utilized	\$ 48,886
Water Rents	188,653
Miscellaneous Revenue Anticipated	5,793
Unexpended Balance of Appropriation Reserves	3,454
Total Income	<u>246,786</u>
<u>Expenditures</u>	
Operating	185,000
Capital Improvements	4,500
Debt Service	5,100
Other Debits	126
Total Expenditures	<u>194,726</u>
Excess in Revenue	52,060
<u>Fund Balance</u>	
Balance January 1	<u>92,791</u>
	144,851
Decreased by:	
Utilization as Anticipated Revenue	<u>48,886</u>
Balance December 31	<u>\$ 95,965</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF FUND BALANCE - WATER UTILITY CAPITAL FUND

	<u>For the Year Ended</u> <u>December 31, 2008</u>
Balance January 1	\$ -0-
Increased by:	
Premiums on Bond Anticipation Notes	<u>296</u>
Balance December 31	<u>\$ 296</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF REVENUE - WATER UTILITY OPERATING FUND

	For the Year Ended December 31, 2008	
	Budget After Modification	Realized
Fund Balance Anticipated	\$ 48,886	\$ 48,886
Water Rents	144,714	188,653
Miscellaneous Revenue	1,000	5,793
	\$ 194,600	\$ 243,332

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF EXPENDITURES - WATER UTILITY OPERATING FUND

For the Year Ended December 31, 2008

	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations:				
Salaries and Wages	\$ 25,000	\$ 24,475	\$ 525	
Other Expenses	160,000	103,287	56,713	
Capital Improvements	4,500	3,000	1,500	
Debt Service	5,100	5,100		
	<u>\$ 194,600</u>	<u>\$ 135,862</u>	<u>\$ 58,738</u>	<u>\$ -0-</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF REVENUE - WATER UTILITY ASSESSMENT FUND

	For the Year Ended December 31, 2008	
	Budget After Modification	Realized
Assessment Cash	\$ 594	\$ 594
	\$ 594	\$ 594

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF EXPENDITURES - WATER UTILITY ASSESSMENT FUND

	For the Year Ended December 31, 2008	
	Budget After Modification	Realized
Payment of Bond Anticipation Notes	\$ 594	\$ 594
	\$ 594	\$ 594

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
BALANCE SHEET - SEWER UTILITY FUND

	<u>December 31, 2008</u>
<u>ASSETS</u>	
Operating Fund:	
Cash and Cash Equivalents	\$ 89,542
Interfund Receivable	5,392
Consumer Accounts Receivable	<u>12,685</u>
Total Operating Fund	<u>107,619</u>
Assessment Fund:	
Cash and Cash Equivalents	18,118
Assessment Receivable	<u>258,639</u>
Total Assessment Fund	<u>276,757</u>
Capital Fund:	
Cash and Cash Equivalents	36,092
Fixed Capital	<u>324,407</u>
Total Capital Fund	<u>360,499</u>
<u>TOTAL ASSETS</u>	<u>\$ 744,875</u>

TOWNSHIP OF BOONTON
BALANCE SHEET - SEWER UTILITY FUND

December 31, 2008

LIABILITIES, RESERVES AND FUND BALANCE

Operating Fund:

Appropriation Reserves	\$ 22,004
Other Liabilities and Special Funds	6,351
Reserve for Receivables	12,685
Fund Balance	66,579
Total Operating Fund	<u>107,619</u>

Assessment Fund:

Bond Anticipation Notes	210,013
Interfund Payable	200
Reserve for Assessments Receivable	65,606
Fund Balance	938
Total Assessment Fund	<u>276,757</u>

Capital Fund:

Interfund Payable	5,193
Other Liabilities and Special Funds	35,989
Reserve for Amortization	318,636
Fund Balance	681
Total Capital Fund	<u>360,499</u>

TOTAL LIABILITIES, RESERVES AND FUND BALANCE

\$ 744,875

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
SEWER UTILITY OPERATING FUND

	<u>For the Year Ended</u> <u>December 31, 2008</u>
<u>Revenue and Other Income Realized</u>	
Fund Balance Utilized	\$ 16,435
Rents	161,750
Miscellaneous Revenue Anticipated	9,184
Assessment Trust Surplus	2,687
Unexpended Balance of Appropriation Reserves	192
Total Income	<u>190,248</u>
<u>Expenditures</u>	
Operating	137,500
Capital Improvements	10,000
Debt Service	8,205
Total Expenditures	<u>155,705</u>
Statutory Excess to Fund Balance	34,543
<u>Fund Balance</u>	
Balance January 1	<u>48,471</u>
	83,014
Decreased by:	
Utilization as Anticipated Revenue	<u>16,435</u>
Balance December 31	<u>\$ 66,579</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF FUND BALANCE - SEWER UTILITY ASSESSMENT FUND

	<u>For the Year Ended December 31, 2008</u>
Balance January 1	\$ 2,687
Increased by:	
Collection of Unpledged Assessments	<u>938</u>
	3,625
Decreased by:	
Anticipated as Revenue in Sewer Utility Operating Fund	<u>2,687</u>
Balance December 31	<u>\$ 938</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF FUND BALANCE - SEWER UTILITY CAPITAL FUND

	<u>For the Year Ended</u> <u>December 31, 2008</u>
Balance January 1	\$ -0-
Increased by:	
Due from Sewer Utility Operating Fund:	
Premium on Bond Anticipation Notes	624
Cancelled Amount of Prior Year Accounts Payable	<u>57</u>
Balance December 31	<u>\$ 681</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF REVENUE - SEWER UTILITY OPERATING FUND

	<u>For the Year Ended December 31, 2008</u>	
	<u>Budget After Modification</u>	<u>Realized</u>
Fund Balance Anticipated	\$ 16,435	\$ 16,435
Sewer Rents	145,584	161,750
Miscellaneous Revenue	6,000	9,184
Assessment Surplus	2,687	2,687
	<u>\$ 170,706</u>	<u>\$ 190,056</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF EXPENDITURES - SEWER UTILITY OPERATING FUND

For the Year Ended December 31, 2008

	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations:				
Salaries and Wages	\$ 22,500	\$ 22,425	\$ 75	
Other Expenses	130,000	98,386	16,614	\$ 15,000
Capital Improvements	10,000	6,000	4,000	
Debt Service	8,206	8,205		1
	<u>\$ 170,706</u>	<u>\$ 135,016</u>	<u>\$ 20,689</u>	<u>\$ 15,001</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF REVENUE - SEWER UTILITY ASSESSMENT FUND

	For the Year Ended December 31, 2008	
	Budget After Modification	Realized
Assessment Cash	\$ 4,890	\$ 4,890
	\$ 4,890	\$ 4,890

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
STATEMENT OF EXPENDITURES - SEWER UTILITY ASSESSMENT FUND

	For the Year Ended December 31, 2008	
	Budget After Modification	Realized
Payment of Bond Anticipation Notes	\$ 4,890	\$ 4,890
	\$ 4,890	\$ 4,890

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
BALANCE SHEET - PUBLIC ASSISTANCE FUND

	<u>December 31, 2008</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 33,570
<u>TOTAL ASSETS</u>	<u>\$ 33,570</u>
<u>RESERVES</u>	
Reserve for Public Assistance Funds	\$ 33,570
<u>TOTAL RESERVES</u>	<u>\$ 33,570</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP

	<u>December 31, 2008</u>
<u>ASSETS</u>	
Land	\$ 17,221,300
Buildings and Improvements	1,017,524
Machinery and Equipment	<u>1,653,247</u>
<u>TOTAL ASSETS</u>	<u>\$ 19,892,071</u>
 <u>RESERVES</u>	
Reserve for Fixed Assets	<u>\$ 19,892,071</u>
<u>TOTAL RESERVES</u>	<u>\$ 19,892,071</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board publication Codification of Government Accounting and Financial Reporting Standards, Section 2100 "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate tax-exempt entities that meet specific criteria (i.e., benefit of economic resources, access/entitlement to resources and significance) should be included in the financial reporting entities. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of Government Accounting and Financial Reporting Standards, Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

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

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

Assessment Trust Fund - Resources and expenditures for payment of Assessment Trust Fund debt.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water Utility Operating, Assessment Trust and Capital Funds - Account for the operations, resources and expenditures for payment of assessment debt and acquisition of capital facilities of the municipally owned water utility.

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

Sewer Utility Operating, Assessment Trust and Capital Funds - Account for the operations, resources and expenditures for payment of assessment debt and acquisition of capital facilities of the municipally owned sewer utility.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group- These accounts were established with estimated values of land, building and certain fixed assets of the Township as discussed in Note 1E.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting policies of the Township of Boonton conform to the accounting principles applicable to municipalities which have been prescribed by the Division which differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is realized in the Operating and Trust Funds on the cash basis, and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality which are susceptible of accrual are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Township's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; federal and state grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase; and fixed assets purchased by the Utility Capital Funds would be depreciated.

The cash basis of accounting is followed in the Trust Funds.

D. Deferred Charges to Future Taxation

The Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, or collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by loans or by capital lease purchase agreements.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost or amortized cost, which approximates market.

Grants Receivable – Grants receivable represent total grant awarded less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amounts awarded.

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include (Cont'd):

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

Inventories of Supplies - The cost of inventories of supplies are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

General Fixed Assets Account Group- General fixed assets are recorded at historical cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund, Water Utility Fund and Sewer Utility Fund. The values recorded in the General Fixed Assets Account and the Current, General Capital, Water Utility Fund and Sewer Utility Fund may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Capital assets are reviewed for impairment.

Property and equipment purchased by the Water Utility Fund and Sewer Utility Fund, are recorded in the capital accounts at cost and are not adjusted for dispositions and abandonments. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the cost of acquisition of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

F. Budget/Budgetary Controls

Annual appropriated budgets are prepared in the 1st quarter for the Current, Assessment, Open Space and Utility Operating Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Township during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bond to finance general Township capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Township are general obligation bonds. The Township's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2008	2007	2006
<u>Issued</u>			
General:			
Bonds and Notes	\$ 3,095,869.90	\$ 2,839,619.90	\$ 2,926,869.90
Green Trust Loan	5,850.73	8,110.73	10,326.19
Assessment:			
Bonds and Notes	890,302.30	946,747.26	1,045,746.41
Water Utility:			
Water Assessment	16,931.00	17,525.00	18,283.02
Bonds and Notes	82,897.84	84,397.84	85,897.84
Sewer Utility:			
Sewer Assessment	210,012.96	214,902.96	114,746.83
Bonds and Notes		10,876.04	
Total Issued	<u>4,301,864.73</u>	<u>4,122,179.73</u>	<u>4,201,870.19</u>
<u>Authorized but not Issued:</u>			
General - Bonds, Notes and Loans	1,408,750.00		
Sewer Utility - Bonds and Notes	5,770.76		100,000.00
Total Authorized but not Issued	<u>1,414,520.76</u>		<u>100,000.00</u>
Less:			
Funds Temporarily Held to Pay			
Bonds & Notes:			
Open Space Debt	3,274,706.00	1,602,206.00	1,638,206.00
Assessment Trust Cash	85,943.18	57,152.84	99,006.11
Total Deductions	<u>3,360,649.18</u>	<u>1,659,358.84</u>	<u>1,737,212.11</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 2,355,736.31</u>	<u>\$ 2,462,820.89</u>	<u>\$ 2,564,658.08</u>

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition – Revised Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Revised Annual Debt Statement and indicates a statutory net debt of .189%.

	Gross Debt	Deductions	Net Debt
School Debt	\$ 2,778,000.00	\$ 2,778,000.00	
Water Utility Debt	99,828.84	99,828.84	
Sewer Utility Debt	215,783.72	215,783.72	
General Debt	5,400,772.93	3,360,649.18	\$ 2,040,123.75
	\$ 8,494,385.49	\$ 6,454,261.74	\$ 2,040,123.75

Net Debt \$2,040,123.75 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,078,812,092 = .189%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 37,758,423.22
Net Debt	2,040,123.75
Remaining Borrowing Power	\$ 35,718,299.47

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 243,332.35
Deductions:	
Operating and Maintenance Costs	\$ 185,000.00
Debt Service	5,100.00
	190,100.00
Excess in Revenue	\$ 53,232.35

TOWNSHIP OF BOONTON
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2008

(Continued)

Note 2: Long-Term Debt (Cont'd)

Calculation of "Self-Liquidating Purpose", Sewer Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$	190,056.94
Deductions:			
Operating and Maintenance Costs		\$	137,500.00
Debt Service			<u>8,205.40</u>
			<u>145,705.40</u>
Excess in Revenue		\$	<u>44,351.54</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing debt information is in agreement with the Revised Annual Debt Statement filed by the Chief Financial Officer.

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/06	Additions	Retirements	Balance 12/31/07
Serial Bonds:				
General Capital	\$ 585,000.00		\$ 140,000.00	\$ 445,000.00
Bond Anticipation Notes:				
General Capital	2,341,869.90	\$2,394,619.90	2,341,869.90	2,394,619.90
Assessment Trust Fund	1,045,746.41	946,747.26	1,045,746.41	946,747.26
Water Utility:				
Assesment Trust	18,283.02	17,525.00	18,283.02	17,525.00
Capital Fund	85,897.84	84,397.84	85,897.84	84,397.84
Sewer Utility:				
Assesment Trust	114,746.83	214,902.96	114,746.83	214,902.96
Capital Fund		115,300.00	104,423.96	10,876.04
Loans Payable:				
General Capital				
Green Trust Loan Payable	<u>10,326.19</u>		<u>2,215.46</u>	<u>8,110.73</u>
	<u>\$4,201,870.19</u>	<u>\$3,773,492.96</u>	<u>\$3,853,183.42</u>	<u>\$4,122,179.73</u>

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/07	Additions	Retirements	Balance 12/31/08
Serial Bonds:				
General Capital	\$ 445,000.00		\$ 145,000.00	\$ 300,000.00
Bond Anticipation Notes:				
General Capital	2,394,619.90	\$2,795,869.90	2,394,619.90	2,795,869.90
Assessment Trust Fund	946,747.26	890,302.30	946,747.26	890,302.30
Water Utility:				
Assesment Trust	17,525.00	16,931.00	17,525.00	16,931.00
Capital Fund	84,397.84	82,897.84	84,397.84	82,897.84
Sewer Utility:				
Assesment Trust	214,902.96	210,012.96	214,902.96	210,012.96
Capital Fund	10,876.04		10,876.04	
Loans Payable:				
General Capital:				
Green Trust Loan Payable	8,110.73		2,260.00	5,850.73
	<u>\$4,122,179.73</u>	<u>\$3,996,014.00</u>	<u>\$3,816,329.00</u>	<u>\$4,301,864.73</u>

The Township's debt issued and outstanding on December 31, 2008, is described as follows:

General Capital Bond Anticipation Notes

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
01/23/09	3.00%	\$ 2,295,869.90
01/23/09	2.25%	500,000.00
		<u>\$ 2,795,869.90</u>

General Capital Serial Bonds

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
07/01/10	5.15%	<u>\$ 300,000.00</u>

Green Trust Loan Payable

<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
05/16/11	2.00%	<u>\$ 5,850.73</u>

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 2: Long-Term Debt (Cont'd)

<u>Assessment Trust Bond Anticipation Notes</u>		
<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
01/23/09	3.00%	<u>\$ 890,302.30</u>
<u>Water Utility Assessment Trust Bond Anticipation Notes</u>		
<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
01/23/09	3.00%	<u>\$ 16,931.00</u>
<u>Water Utility Capital Bond Anticipation Notes</u>		
<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
01/23/09	3.00%	<u>\$ 82,897.84</u>
<u>Sewer Utility Assessment Trust Bond Anticipation Notes</u>		
<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
01/23/09	3.00%	<u>\$ 210,012.96</u>
Total Debt Issued and Outstanding		<u><u>\$ 4,301,864.73</u></u>

Schedule of Annual Debt Service for Principal and Interest for the Next Two Years for Bonded Debt Issued and Outstanding

<u>Calendar</u> <u>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2009	\$ 150,000.00	\$ 15,450.00	\$ 165,450.00
2010	150,000.00	7,725.00	157,725.00
	<u>\$ 300,000.00</u>	<u>\$ 23,175.00</u>	<u>\$ 323,175.00</u>

Green Trust Loan

Boonton Township entered into a loan agreement with the State of New Jersey for the acquisition of land. Funds for the project have been provided under the Green Trust Local Assistance Program. The loan, in the amount of \$38,772.00, is repayable over a twenty year period at a rate of interest not to exceed 2%. Drawdown of the loan was initiated in 1991.

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 2: Long-Term Debt (Cont'd)

Schedule of Annual Debt Service for Principal and Interest for the Next Three Years for
Loans Issued and Outstanding

Calendar Year	Green Trust Loan Payable		
	Principal	Interest	Total
2009	\$ 2,305.43	\$ 105.53	\$ 2,410.96
2010	2,351.76	59.20	2,410.96
2011	1,193.54	11.94	1,205.48
	\$ 5,850.73	\$ 176.67	\$ 6,027.40

Note 3: Fund Balances Appropriated

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

Current Fund	\$ 675,000.00
Water Utility Operating Fund	56,503.51
Sewer Utility Operating Fund	17,380.96

Note 4: Local School District 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 Township of Boonton has not elected to defer school taxes.

Note 5: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2008, the following deferred charge is shown on the balance sheet of the Current Fund:

	Balance Dec. 31, 2008	2009 Budget Appropriation
Current Fund:		
Special Emergency Authorization	\$ 25,000.00	\$ 25,000.00

The appropriation in the 2009 budget is not less than that required by statute.

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

(Continued)

Note 6: Pension Plans

Township employees are enrolled in one of two cost sharing multiple-employer public employee retirement systems: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS) of New Jersey. The State of New Jersey sponsors and administers these two plans which cover substantially all Township employees. As a general rule, all full-time employees are eligible to join one of the two public employees' retirement systems.

Employees who are members of PERS and retire at or after age 60 are entitled to a retirement benefit based upon a formula which takes 1/60th of the average annual compensation for the highest three fiscal year's compensation for each year of membership during years of creditable service. Vesting occurs after 8 to 10 years of service. Enrolled PFRS members may retire at age 55 with a minimum of 10 years of service required for vesting.

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 of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes 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. Employee contributions are based on percentages of 5.50% for PERS and 8.50% for PFRS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both funds. The actuarially determined employer contribution includes funding for cost-of- living adjustments and noncontributory death benefits.

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PERS for local employers for State fiscal years 2005-2008. The local employer PERS normal and accrued liability contributions required for State fiscal years 2005-2008 are as follows:

Three-Year Trend for PERS			
Year Ending December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 33,722.00	80.00%	\$ 26,977.60
2007	24,084.00	60.00%	14,450.40
2006	18,782.00	40.00%	7,512.80

20% for payments due in State fiscal year 2005
 Not more than 40% for payments due in State fiscal year 2006
 Not more than 60% for payments due in State fiscal year 2007
 Not more than 80% for payments due in State fiscal year 2008

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 6: Pension Plans (Cont'd)

Effective July 1, 2003, Chapter 108, P.L. 2003 provides for a reduction or "phase-in" of the required pension contribution to PFRS for local employers for State fiscal years 2004-2007. The local employer PFRS normal and accrued liability contributions required for State fiscal years 2004-2007 are as follows:

Three-Year Trend for PFRS			
Year Ending December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 215,416.00	100.00%	\$ 215,416.00
2007	153,560.00	80.00%	122,848.00
2006	146,322.00	60.00%	87,793.20

20% for payments due in State fiscal year 2004
Not more than 40% for payments due in State fiscal year 2005
Not more than 60% for payments due in State fiscal year 2006
Not more than 80% for payments due in State fiscal year 2007

Note 7: Accrued Vacation and Compensatory Time Benefits

The Township of Boonton has permitted employees to accrue unused vacation and compensatory time, which may be taken as time off or paid at a later date at an agreed-upon rate. This amount is not reported as an expenditure or a liability. The estimated current cost of such unpaid compensation has not been determined but is presumed to be material. However, it is expected that the cost of such unpaid compensation would be included in the Township of Boonton's budget operating expenditures in the year in which it is used.

Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31.

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 8: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information

	2008	2007 *	2006
<u>Tax Rate</u>	\$ 1.423	\$ 1.390	\$ 2.870
<u>Apportionment of Tax Rate</u>			
Municipal (Includes Open Space)	0.273	0.271	0.524
County	0.225	0.226	0.452
Local School	0.925	0.893	1.894
<u>Assessed Valuations</u>			
2008	\$ 1,140,172,068.00		
2007		\$ 1,139,792,181.00	
2006			\$ 523,058,273.00

* - Revaluation of Property Effective

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2008	\$ 16,284,002.55	\$ 15,870,873.93	97.46%
2007	15,880,011.70	15,420,098.59	97.10%
2006	15,141,686.03	14,864,855.82	98.17%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding creases in budgeted expenditures.

Note 9: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Township classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the Township in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Interest Rate Risk – In accordance with its cash management plan, the Township ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Township limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below and on the following page.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit; and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Township to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

Investments (Cont'd):

- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund; and
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

Note 9: Cash and Cash Equivalents (Cont'd)

As of December 31, 2008, cash and cash equivalents of the Township of Boonton consisted of the following:

Fund	Cash on Hand	Checking Accounts	Total
Current Fund	\$ 150.00	\$ 1,374,396.05	\$ 1,374,546.05
Animal Control Fund		15.37	15.37
Other Trust Funds	100.00	779,900.10	780,000.10
Assessment Trust Fund		86,115.63	86,115.63
General Capital Fund		581,368.37	581,368.37
Water Utility Operating Fund		160,193.77	160,193.77
Water Utility Assessment Fund		4,944.07	4,944.07
Water Utility Capital Fund		36,037.61	36,037.61
Sewer Utility Operating Fund		89,541.99	89,541.99
Sewer Utility Assessment Fund		18,117.77	18,117.77
Sewer Utility Capital Fund		36,092.23	36,092.23
Public Assistance Fund		33,570.06	33,570.06
	<u>\$ 250.00</u>	<u>\$ 3,200,293.02</u>	<u>\$ 3,200,543.02</u>

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 9: Cash and Cash Equivalents (Cont'd)

During the period ended December 31, 2008, the Township did not hold any investments. The carrying amount of the Township's cash and cash equivalents at December 31, 2008, was \$3,200,543.02, and the bank balance was \$3,185,120.09.

Note 10: Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey health benefits plan.

The Township of Boonton is a member of the Morris County Municipal Joint Insurance Fund. This fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by the fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

As a member of this Fund, the Township could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Auditing Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Summarized selected financial information of this Fund as of December 31, 2008 is as follows:

	Morris County Municipal Joint Insurance Fund
Total Assets	<u>\$ 21,921,036</u>
Net Assets	<u>\$ 11,702,735</u>
Total Revenue	<u>\$ 14,908,798</u>
Total Expenses	<u>\$ 14,371,982</u>
Change in Net Assets	<u>\$ 536,816</u>
Net Assets Distribution to Participating Members	<u>\$ 700,000</u>

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008

(Continued)

Note 10: Risk Management (Cont'd)

Financial statements for the Fund are available at the offices of the Fund's Executive Director:

Perma Risk Management Services
 Park 80 West, Plaza One
 Saddle Brook, NJ 07663
 (201) 587-0555

New Jersey Unemployment Compensation Insurance

The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State.

The following is a summary of Township and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Township's expendable trust fund for the current and previous years:

Year	Interest Earned	Employee Contributions	Ending Balance
2008	\$ 773.08	\$ 2,495.79	\$ 45,144.99
2007	1,586.76	3,169.49	38,706.63

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2008:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 448.15	\$ 12,678.33
Federal and State Grant Fund	12,678.33	
Other Trust Funds		159.59
Assessment Trust Fund		172.45
Animal Control Fund		9.81
General Capital Fund		106.30
Water Utility Operating Fund	40.21	296.49
Water Utility Assessment Trust Fund		2.60
Water Utility Capital Fund	296.49	37.61
Sewer Utility Operating Fund	5,392.20	
Sewer Utility Assessment Trust Fund		199.64
Sewer Utility Capital Fund		5,192.56
	\$ 18,855.38	\$ 18,855.38

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
(Continued)

Note 11: Interfund Receivables and Payables (Cont'd)

The interfund between the Current Fund and the Federal and State Grant Fund is the net of unappropriated grants and grants receivable collections and appropriated grant expenditures in the Current Fund. The interfund between the Current Fund and the Animal Control Fund, Other Trust Funds and Assessment Trust Fund represents current year interest earnings not turned over to the Current Fund. The interfund between the Sewer Utility Operating Fund and the Sewer Utility Trust Assessment Fund represents interest earned in the Trust Assessment Fund not turned over to the Operating Fund. The interfund between the Water Utility Operating Fund and the Water Utility Capital Fund represents interest earned in the Capital Fund not turned over to the Operating Fund. Lastly, the interfund between the Sewer Utility Operating and Sewer Utility Capital Funds represents accrued interest on notes due to the Operating Fund offset by interest earned in the Capital Fund not turned over to the Operating Fund.

Note 12: Contingent Liabilities

The Township is involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Township is vigorously contesting these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Township as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Township officials expect such amounts, if any, to be immaterial.

Note 13: Economic Dependency

The Township receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Township's programs and activities.

Note 14: Deferred Compensation Plans

The Township of Boonton offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by VALIC is available to all Township of Boonton employees and permits participants to defer a portion of their salary. The deferred compensation is not available until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

Note 15: Open Space Tax

The Township of Boonton created an Open Space Trust Fund with a Tax Levy of \$.020 per \$100 of assessed valuation in 1998. The funds collected are used to acquire and maintain open space property in the Township. As of December 31, 2008, the balance in the Open Space Trust Fund was \$357,656.54.

TOWNSHIP OF BOONTON
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008
 (Continued)

Note 16: Prior Period Adjustments

The prior year auditors' report did not include certain 2007 additions for land and buildings as detailed below. The balances were restated to include these additions.

	Balance 12/31/07	Retroactive Adjustments	Balance 12/31/2007 Restated
General Fixed Assets:			
Land	\$ 16,895,400.00	\$ 325,900.00	\$ 17,221,300.00
Buildings	962,348.57	42,624.00	1,004,972.57
	Balance 12/31/2007	Retroactive Adjustments	Balance 12/31/2007 Restated
Reserve for Fixed Assets	\$ 19,453,410.59	\$ 368,524.00	\$ 19,821,934.59

TOWNSHIP OF BOONTON

COUNTY OF MORRIS

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 and 2006

TOWNSHIP OF BOONTON
FINANCIAL STATEMENTS
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NISIVOCCIA & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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200 Valley Road, Suite 300
Mount Arlington, NJ 07856
Phone: 973-328-1825
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Lawrence Business Park
11 Lawrence Road
Newton, NJ 07860
Phone: 973-383-6699
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Accountants' Compilation Report

The Honorable Mayor and Members
of the Township Committee
Township of Boonton
Boonton, New Jersey

We have compiled the financial statements of the various funds of the Township of Boonton, in the County of Morris (the "Township") as of December 31, 2007 and 2006, and for the years then ended, as listed in the foregoing table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrate compliance with the modified accrual basis of accounting, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The financial statements for the years ended December 31, 2007 and 2006 were audited by other accountants and they expressed an unqualified opinion on an other comprehensive basis of accounting described in the first paragraph on those financial statements in their report dated June 25, 2008, but we have not performed any auditing procedures since that date.

Mount Arlington, New Jersey
December 14, 2009

Nisivoccia & Company LLP
NISIVOCCIA & COMPANY LLP

TOWNSHIP OF BOONTON
COMPARATIVE BALANCE SHEET - CURRENT FUND

	December 31,	
	2007	2006
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 1,515,975	\$ 1,514,434
Delinquent Taxes and Tax Title Liens Receivable	438,081	249,839
Property Acquired for Taxes - Assessed Value	473,730	473,730
Accounts Receivable	118,111	99,564
Interfund Receivable	184,329	31,432
Deferred Charges	50,000	75,000
	<u>\$ 2,780,226</u>	<u>\$ 2,443,999</u>
 <u>TOTAL ASSETS</u>		
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Appropriation Reserves	\$ 370,780	\$ 444,824
Accounts Payable, Other Liabilities and Reserves	426,780	299,324
Interfunds Payable	178,358	31,432
Reserve for Receivables and Other Assets	920,251	730,952
Fund Balance	884,057	937,467
	<u>\$ 2,780,226</u>	<u>\$ 2,443,999</u>
 <u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE - CURRENT FUND

	For the Years Ended December 31,	
	2007	2006
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 765,000	\$ 766,499
Miscellaneous Revenue Anticipated	1,035,907	989,743
Receipts from Delinquent Taxes	249,321	186,804
Receipts from Current Taxes	15,420,098	14,864,856
Nonbudget Revenue	227,559	190,311
Unexpended Balance of Appropriation Reserves	279,756	64,777
Other Credits to Income	3,616	
Total Income	17,981,257	17,062,990
<u>Expenditures</u>		
Budget Appropriations	4,140,963	3,951,589
County Taxes	2,564,014	2,369,968
Local School District Taxes	10,163,910	9,905,790
Local Open Space Taxes	400,780	210,879
Other Expenditures		3,465
Total Expenditures	17,269,667	16,441,691
Excess in Revenue	711,590	621,299
<u>Fund Balance</u>		
Balance January 1	937,467	1,082,667
	1,649,057	1,703,966
Decreased by:		
Utilized as Anticipated Revenue	765,000	766,499
Balance December 31	\$ 884,057	\$ 937,467

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF REVENUE - CURRENT FUND

	For the Years Ended December 31,		
	2007	2006	
	Budget After Modification	Budget After Modification	
	Realized	Realized	
Fund Balance Anticipated	\$ 765,000	\$ 766,499	\$ 766,499
Miscellaneous Revenue Anticipated	1,035,930	985,767	989,743
Receipts from Delinquent Taxes	170,000	150,000	186,804
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	2,673,450	2,529,367	2,858,162
Total Budget Revenue	4,644,380	4,431,633	4,801,208
Nonbudget Revenue		227,559	190,311
	\$ 4,644,380	\$ 4,431,633	\$ 4,991,519

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF EXPENDITURES - CURRENT FUND

	2007		2006		Unexpended Balance Canceled			
	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled		Budget After Modification	Paid or Charged	Reserved
Operations:								
Salaries and Wages	\$ 1,542,200	\$ 1,516,733	\$ 25,467		\$ 1,511,850	\$ 1,446,831	\$ 65,019	
Other Expenses	1,775,256	1,484,292	290,964		1,690,049	1,457,456	232,593	
Capital Improvements	290,000	290,000			196,300	196,300		
Debt Service	379,539	379,507		\$ 32	415,491	415,390		\$ 101
Deferred Charges and Statutory Expenditures	154,000	145,027	8,973		138,000	138,000		
Reserve for Uncollected Taxes	503,385	503,385			479,943	479,943		
	<u>\$ 4,644,380</u>	<u>\$ 4,318,944</u>	<u>\$ 325,404</u>	<u>\$ 32</u>	<u>\$ 4,431,633</u>	<u>\$ 4,133,920</u>	<u>\$ 297,612</u>	<u>\$ 101</u>
Original Budget	\$ 4,617,507				\$ 4,419,495			
N.J.S.A. 40A:4-87	26,873				12,138			
	<u>\$ 4,644,380</u>				<u>\$ 4,431,633</u>			

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE BALANCE SHEET - TRUST FUNDS

	December 31,	
	2007	2006
<u>ASSETS</u>		
Assessment Trust Fund:		
Cash and Cash Equivalents	\$ 57,597	\$ 100,718
Assessments Receivable	992,961	1,050,107
Total Assessment Trust Fund	1,050,558	1,150,825
Animal Control Fund:		
Cash and Cash Equivalents	89	804
Total Animal Control Fund	89	804
Other Trust Funds:		
Cash and Cash Equivalents	936,767	770,403
Total Other Trust Funds	936,767	770,403
<u>TOTAL ASSETS</u>	\$ 1,987,414	\$ 1,922,032
 <u>LIABILITIES AND RESERVES</u>		
Assessment Trust Fund:		
Bond Anticipation Notes	\$ 946,747	\$ 1,045,746
Interfunds Payable	444	1,712
Reserve for Assessments Receivable and Liens	103,367	103,367
Total Assessment Trust Fund	1,050,558	1,150,825
Animal Control Fund:		
Interfunds Payable	86	203
Reserve for Dog Fund Expenditures	3	601
Total Animal Control Fund	89	804
Other Trust Funds:		
Interfunds Payable	5,335	1,823
Deposits and Reserves	931,432	768,580
Total Other Trust Funds	936,767	770,403
<u>TOTAL LIABILITIES AND RESERVES</u>	\$ 1,987,414	\$ 1,922,032

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF REVENUE - ASSESSMENT TRUST FUND

		For the Years Ended December 31,			
		2007		2006	
		Budget After Modification	Realized	Budget After Modification	Realized
Assessment Cash		\$ 98,999	\$ 98,999	\$ 54,234	\$ 54,234
		<u>\$ 98,999</u>	<u>\$ 98,999</u>	<u>\$ 54,234</u>	<u>\$ 54,234</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF EXPENDITURES - ASSESSMENT TRUST FUND

	For the Years Ended December 31,			
	2007		2006	
	Budget After Modification	Realized	Budget After Modification	Realized
Payment of Bond Anticipation Notes	\$ 98,999	\$ 98,999	\$ 54,234	\$ 54,234
	\$ 98,999	\$ 98,999	\$ 54,234	\$ 54,234

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE BALANCE SHEET - GENERAL CAPITAL FUND

	December 31,	
	2007	2006
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 115,227	\$ 199,164
Grant Receivable		1,300,000
Deferred Charges to Future Taxation	2,847,731	2,937,196
<u>TOTAL ASSETS</u>	<u>\$ 2,962,958</u>	<u>\$ 4,436,360</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Bonds, Notes and Loans Payable	\$ 2,847,731	\$ 2,937,196
Improvement Authorizations	40,678	1,450,579
Interfunds Payable	106	80
Other Liabilities and Special Funds	74,443	48,505
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>\$ 2,962,958</u>	<u>\$ 4,436,360</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF FUND BALANCE - GENERAL CAPITAL FUND

	For the Years Ended December 31,	
	2007	2006
Balance January 1	\$ -0-	\$ 27,550
Decreased by:		
Utilized by Current Fund Budget		27,550
Balance December 31	\$ -0-	\$ -0-

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE BALANCE SHEET - WATER UTILITY FUND

	December 31,	
	2007	2006
<u>ASSETS</u>		
Operating Fund:		
Cash and Cash Equivalents	\$ 120,943	\$ 133,497
Interfunds Receivable	76	110
Receivables with Full Reserves	10,300	7,735
Total Operating Fund	131,319	141,342
Assessment Fund:		
Cash and Cash Equivalents	598	770
Assessments Receivable	16,930	17,524
Total Assessment Fund	17,528	18,294
Capital Fund:		
Cash and Cash Equivalents	33,072	30,099
Fixed Capital	117,209	116,495
Total Capital Fund	150,281	146,594
<u>TOTAL ASSETS</u>	\$ 299,128	\$ 306,230

TOWNSHIP OF BOONTON
COMPARATIVE BALANCE SHEET - WATER UTILITY FUND

	December 31,	
	2007	2006
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 23,296	\$ 86,171
Other Liabilities and Special Funds	5,058	2,646
Reserve for Receivables	10,174	7,609
Fund Balance	92,791	44,916
Total Operating Fund	131,319	141,342
Assessment Fund:		
Bond Anticipation Notes	17,525	18,283
Interfunds Payable	3	11
Total Assessment Fund	17,528	18,294
Capital Fund:		
Bond Anticipation Notes	84,398	85,898
Interfunds Payable	72	99
Other Liabilities and Special Funds	33,000	30,000
Reserve for Amortization	32,811	30,597
Total Capital Fund	150,281	146,594
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	\$ 299,128	\$ 306,230

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
WATER UTILITY OPERATING FUND

	For the Years Ended December 31,	
	2007	2006
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 30,000	\$ 50,100
Water Rents	123,877	142,492
Miscellaneous Revenue Anticipated	6,902	6,303
Unexpended Balance of Appropriation Reserves	60,768	13,484
Total Income	221,547	212,379
<u>Expenditures</u>		
Operating	134,000	171,600
Capital Improvements	4,500	4,500
Debt Service	5,172	4,750
Total Expenditures	143,672	180,850
Excess in Revenue	77,875	31,529
<u>Fund Balance</u>		
Balance January 1	44,916	63,487
	122,791	95,016
Decreased by:		
Utilization as Anticipated Revenue	30,000	50,100
	92,791	44,916
Balance December 31	\$ 92,791	\$ 44,916

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF REVENUE - WATER UTILITY OPERATING FUND

	For the Years Ended December 31,			
	2007		2006	
	Budget After Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	\$ 30,000	\$ 30,000	\$ 50,100	\$ 50,100
Water Rents	138,700	123,877	130,000	142,492
Miscellaneous Revenue	1,000	6,902	1,000	6,303
	\$ 169,700	\$ 160,779	\$ 181,100	\$ 198,895

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF EXPENDITURES - WATER UTILITY OPERATING FUND

	For the Years Ended December 31,							
	2007			2006				
	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations:								
Salaries and Wages	\$ 24,500	\$ 23,808	\$ 692		\$ 22,600	\$ 22,340	\$ 260	
Other Expenses	135,500	87,927	21,573	\$ 26,000	149,000	88,777	60,223	
Capital Improvement Fund	4,500	3,714	786		4,500	3,000	1,500	
Debt Service	5,200	5,172		28	5,000	4,750		\$ 250
	<u>\$ 169,700</u>	<u>\$ 120,621</u>	<u>\$ 23,051</u>	<u>\$ 26,028</u>	<u>\$ 181,100</u>	<u>\$ 118,867</u>	<u>\$ 61,983</u>	<u>\$ 250</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF REVENUE - WATER UTILITY ASSESSMENT FUND

For the Years Ended December 31,			
2007		2006	
Budget After Modification	Realized	Budget After Modification	Realized
Assessment Cash	\$ 758	\$ 758	\$ 911
	\$ 758	\$ 758	\$ 911

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF EXPENDITURES - WATER UTILITY ASSESSMENT FUND

	For the Years Ended December 31,			
	2007		2006	
	Budget After Modification	Realized	Budget After Modification	Realized
Payment of Bond Anticipation Notes	\$ 758	\$ 758	\$ 911	\$ 911
	\$ 758	\$ 758	\$ 911	\$ 911

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE BALANCE SHEET - SEWER UTILITY FUND

	December 31,	
	2007	2006
<u>ASSETS</u>		
Operating Fund:		
Cash and Cash Equivalents	\$ 52,910	\$ 53,359
Interfund Receivable	137	1,549
Consumer Accounts Receivable	9,956	4,408
Total Operating Fund	63,003	59,316
Assessment Fund:		
Cash and Cash Equivalents	7,624	8,136
Assessment Receivable	276,556	179,709
Total Assessment Fund	284,180	187,845
Capital Fund:		
Cash and Cash Equivalents	40,809	23,589
Fixed Capital	318,430	214,007
Fixed Capital Authorized and Uncompleted	10,876	100,000
Total Capital Fund	370,115	337,596
<u>TOTAL ASSETS</u>	\$ 717,298	\$ 584,757

TOWNSHIP OF BOONTON
COMPARATIVE BALANCE SHEET - SEWER UTILITY FUND

	December 31,	
	2007	2006
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 3,933	\$ 12,772
Other Liabilities and Special Funds	643	
Reserve for Receivables	9,956	4,408
Fund Balance	48,471	42,136
Total Operating Fund	63,003	59,316
Assessment Fund:		
Bond Anticipation Notes	214,903	114,747
Interfund Payable	46	1,501
Reserve for Assessments Receivable	66,544	69,232
Fund Balance	2,687	2,365
Total Assessment Fund	284,180	187,845
Capital Fund:		
Bond Anticipation Notes	10,876	
Improvement Authorizations	10,671	93,294
Interfund Payable	91	48
Other Liabilities and Special Funds	30,047	30,247
Reserve for Amortization	243,430	139,007
Deferred Reserve for Amortization	75,000	75,000
Total Capital Fund	370,115	337,596
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>	\$ 717,298	\$ 584,757

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
SEWER UTILITY OPERATING FUND

	For the Years Ended December 31,	
	2007	2006
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 16,335	\$ 50,824
Rents	128,610	115,954
Miscellaneous Revenue Anticipated	11,421	8,274
Assessment Trust Surplus	2,365	3,406
Unexpended Balance of Appropriation Reserves	9,249	12,605
Total Income	167,980	191,063
<u>Expenditures</u>		
Operating	141,500	135,730
Capital Improvements		15,000
Debt Service	3,810	2,854
Total Expenditures	145,310	153,584
Statutory Excess to Fund Balance	22,670	37,479
<u>Fund Balance</u>		
Balance January 1	42,136	55,481
	64,806	92,960
Decreased by:		
Utilization as Anticipated Revenue	16,335	50,824
Balance December 31	\$ 48,471	\$ 42,136

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF FUND BALANCE - SEWER UTILITY ASSESSMENT FUND

	For the Years Ended December 31,	
	2007	2006
Balance January 1	\$ 2,365	\$ 3,406
Increased by:		
Collection of Unpledged Assessments	2,687	2,365
	5,052	5,771
Decreased by:		
Anticipated as Revenue in Sewer Utility Operating Fund	2,365	3,406
Balance December 31	\$ 2,687	\$ 2,365

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF REVENUE - SEWER UTILITY OPERATING FUND

	For the Years Ended December 31,			
	2007		2006	
	Budget After Modification	Realized	Budget After Modification	Realized
Fund Balance Anticipated	\$ 16,335	\$ 16,335	\$ 50,824	\$ 50,824
Sewer Rents	124,000	128,610	97,500	115,954
Miscellaneous Revenue	6,000	11,421	2,000	8,274
Assessment Surplus	2,365	2,365	3,406	3,406
	\$ 148,700	\$ 158,731	\$ 153,730	\$ 178,458

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF EXPENDITURES - SEWER UTILITY OPERATING FUND

	For the Years Ended December 31,							
	2007			2006				
	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled	Budget After Modification	Paid or Charged	Reserved	Unexpended Balance Canceled
Operations:								
Salaries and Wages	\$ 22,000	\$ 21,808	\$ 192		\$ 20,730	\$ 20,700	\$ 30	
Other Expenses	119,500	116,453	3,047		115,000	110,803	4,197	
Capital Improvements					15,000	10,000	5,000	
Debt Service	7,200	3,810		\$ 3,390	3,000	2,854		\$ 146
	<u>\$ 148,700</u>	<u>\$ 142,071</u>	<u>\$ 3,239</u>	<u>\$ 3,390</u>	<u>\$ 153,730</u>	<u>\$ 144,357</u>	<u>\$ 9,227</u>	<u>\$ 146</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF REVENUE - SEWER UTILITY ASSESSMENT FUND

For the Years Ended December 31,			
2007		2006	
Budget After Modification	Realized	Budget After Modification	Realized
Assessment Cash	\$ 4,268	\$ 4,268	\$ 5,155
	\$ 4,268	\$ 4,268	\$ 5,155
	\$ 4,268	\$ 4,268	\$ 5,155

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE STATEMENT OF EXPENDITURES - SEWER UTILITY ASSESSMENT FUND

For the Years Ended December 31,					
		2007		2006	
		Budget After Modification	Realized	Budget After Modification	Realized
Payment of Bond Anticipation Notes	\$	4,268	\$ 4,268	\$ 5,155	\$ 5,155
	\$	4,268	\$ 4,268	\$ 5,155	\$ 5,155

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE BALANCE SHEET - PUBLIC ASSISTANCE FUND

	December 31,	
	2007	2006
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 31,207	\$ 30,541
<u>TOTAL ASSETS</u>	\$ 31,207	\$ 30,541
 <u>RESERVES</u>		
Reserve for Public Assistance Funds	\$ 31,207	\$ 30,541
<u>TOTAL RESERVES</u>	\$ 31,207	\$ 30,541

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON
COMPARATIVE BALANCE SHEET - GENERAL FIXED ASSETS ACCOUNT GROUP

	December 31,	
	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Land	\$ 16,895,400	\$ 6,162,979
Buildings and Improvements	962,349	908,336
Machinery and Equipment	<u>1,595,662</u>	<u>1,465,609</u>
<u>TOTAL ASSETS</u>	<u>\$ 19,453,411</u>	<u>\$ 8,536,924</u>
 <u>RESERVES</u>		
Reserve for Fixed Assets	<u>\$ 19,453,411</u>	<u>\$ 8,536,924</u>
<u>TOTAL RESERVES</u>	<u>\$ 19,453,411</u>	<u>\$ 8,536,924</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007

Note I: Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the Township of Boonton 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 Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township accounting policies are described below.

B. Reporting Entity

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

The primary criterion for including activities within the Township reporting entity, as set forth in section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the Township of Boonton. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Except as noted below, the financial statements of the Township of Boonton include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Boonton, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Township of Boonton do not include the operations of the volunteer fire and first aid squads. Furthermore, the Township of Boonton is not includable in any other reporting entity on the basis of such criteria.

C. Description of Funds

GASB Codification establishes seven fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with generally accepted accounting principles (GAAP).

The accounting policies of the Township of Boonton conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township of Boonton accounts for its financial transactions through the following separate funds which differ from the fund structure required by accounting principles generally accepted in the United States of America.

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

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

C. Description of Funds (Continued)

Trust Fund – receipts, custodianship and disbursement of monies in accordance with the purpose for which each reserve was created.

General Capital Fund – receipt and disbursement of funds used for acquisition of general capital facilities other than those acquired in the Current Fund.

Water Operating and Capital Funds – account for the operations and acquisition of capital facilities of the water utility.

Sewer Operating and Capital Funds – account for the operations and acquisition of capital facilities of the swimming pool utility.

Public Assistance Fund – receipts and disbursements of funds that provide assistance to certain residents of the Township of Boonton pursuant to Title 44 of New Jersey statutes.

D. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Property Taxes and Other Revenues – property taxes and other revenues are recognized on a cash basis. Receivables for property taxes and other items that are susceptible to accrual are recorded with offsetting reserves on the balance sheets. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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 Township of Boonton budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Expenditures (including Federal and State Financial Assistance Programs) – 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.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Encumbrances – contractual orders at December 31, are reported as expenditures through the establishment of a reserve for encumbrances. 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.

Inventories of Supplies – 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 as required by GAAP.

Interfunds – advances from the Current Fund are reported as interfund receivables with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. GAAP does not require the establishment of an offsetting reserve.

Basic Financial Statements – The GASB Codification also defines the financial statements of a governmental unit that are required to be presented in the general purpose financial statements be in accordance with GAAP. The Township of Boonton 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.

E. Budgetary Information

Annual budgets are adopted on a basis consistent with the requirements of the State of New Jersey, Department of Community Affairs, Division of Local Government Services.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

E. Budgetary Information (Continued)

Under New Jersey State Statutes, the annual budget is required to be balanced, prepared on a cash basis and to provide a reserve for uncollected taxes. The 2007 statutory budget included a reserve for uncollected taxes in the amount of \$503,385.20 to balance the budget, the municipality is permitted to utilize fund balance. The amount of fund balance utilized to balance the 2007 statutory budgets were as follows:

Current Fund	\$765,000.00
Sewer Utility Operating Fund	16,334.59
Water Utility Operating Fund	30,000.00

Transfers of line item amounts are permitted after November 1 and must be made by a resolution adopted by the governing body. There were no significant budget transfers approved in the 2007 calendar year.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget, after the adoption of the budget, when the item has been made available by any public or private funding source. The following significant budget insertions were approved during the 2007 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Municipal Alliance	\$ 2,500.00
Division of Highway Safety	4,000.00
Division of Highway Safety	5,000.00
Borough of Kinnelon - CFO	15,373.00

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There were no emergency appropriations approved during the 2007 calendar year.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities

1. Deposits and Investments

Cash and cash equivalents includes petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes provide a list of permissible investments that may be purchased by New Jersey governmental units.

2. Property Tax Assessment and Billing

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A revaluation of all property in the Township of Boonton was last completed in 2006 effective for the 2007 tax year.

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

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum of the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00. Pursuant to c. 75, P.L. 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed 6% of the amount of the delinquency. These interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities

3. Deferred Charges

The funding of certain expenditures incurred in the current year (i.e. emergencies, overexpenditures) are deferred to subsequent years' budgets.

4. Fixed Assets

In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Township of Boonton has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm and updated in 2007 by the Chief Financial Officer.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land and buildings which have been valued at assessed 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.

Accounting for utility fund "fixed capital" remains unchanged under the requirements of N.J.A.C. 5:30-5.6.

Property and equipment purchased by the Water and Sewer Utility Funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note I: Summary of Significant Accounting Policies (Continued)

F. Assets and Liabilities

5. Use of Estimates

The preparation of financial statements in conformity with the accounting practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey requires management to make estimates and assumptions that affect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

6. Comparative Data

Comparative total 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 Township of Boonton's financial position. However, comparative data have not been presented in each of the supplemental schedules since their inclusion would make statements unduly complex and difficult to read.

Note II: Detailed Notes On All Funds

A. Deposits and Investments

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund, or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

At December 31, 2007 the Township of Boonton's cash and cash equivalent's amounted to \$2,964,461.47. Of this amount, \$151,291.11 was covered by federal depository insurance (F.D.I.C.) and \$2,533,512.67 was covered by a collateral pool maintained by the banks as required by GUDPA. Although the individual developers' accounts are subject to F.D.I.C. coverage, it cannot be accurately determined whether the total amount of \$205,537.36 included in Developers Escrow deposits is covered.

At December 31, 2007 the Township of Boonton's participation in the State of New Jersey Cash Management Fund amounted to \$74,120.33.

GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires the disclosure of bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Township of Boonton will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party.

As of December 31, 2007, \$205,537.36 of the Township of Boonton's cash and cash equivalents of \$2,964,461.47 was exposed to custodial risk as follows:

Uninsured and uncollateralized	<u>\$205,537.36</u>
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TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

A. Deposits and Investments (Continued)

Investments

New Jersey statutes (N.J.S.A. 40A:5-15.1) permit the Township of Boonton to purchase the following types of securities:

- a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, any local unit may use moneys which may be in hand for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the local unit:
 - (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
 - (2) Government money market mutual funds;
 - (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
 - (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
 - (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
 - (6) Local government investment pools;
 - (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
 - (8) Agreements for the repurchase of fully collateralized securities, if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (c.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

The Township of Boonton had no investments as described in Note I:F.1. at December 31, 2007.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

B. Property Taxes

The Township of Boonton is responsible for assessing, collecting and distributing property taxes in accordance with enabling state legislation. All property tax revenue is recognized when received in cash. Property taxes receivable as of December 31, 2007 are composed of the following:

<u>Year of Levy</u>	<u>Amount</u>
2006	\$ 29,436.55
2007	\$407,584.05

C. Interfund Receivables and Payables

As of December 31, 2007 interfund receivables and payables resulting from various interfund transactions were as follows:

	<u>Due From</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
Current Fund	\$ 5,970.90 (1)	\$178,358.32
Federal and State Grants Fund	178,358.32	
Trust Funds:		
Assessment Fund		443.37
Animal Control Fund		86.30
Other Trust Fund		5,335.17
Capital Fund		106.06
Water Utility Fund:		
Operating Fund	75.53	
Assessment Trust		3.43
Capital Fund		72.10
Sewer Utility Fund:		
Operating Fund	137.19	
Assessment Trust		45.62
Capital Fund		91.57

(1) Revenue Accounts Receivable

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

D. Deferred Charges to be Raised in Succeeding Budgets

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2007 the following deferred charge was shown on the balance sheet of the Current Fund:

	Special Emergency	\$ 50,000.00
E. <u>Leases</u>		

The Township of Boonton has commitments to lease coping equipment under operating leases which expired in 2006.

F. Debt

The Local Bond Law governs the issuance of bonds and notes to finance general municipal and utility capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township of Boonton are general obligation bonds, backed by the full faith and credit of the Township of Boonton. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years or retired by the issuance of bonds.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

F. Debt (Continued)

Summary of Municipal Debt

	<u>Year 2007</u>	<u>Year 2006</u>	<u>Year 2005</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$2,839,619.90	\$2,926,869.90	\$3,079,369.90
Assessment:			
Bonds and Notes	946,747.26	1,045,746.41	1,099,980.41
Green Trust Loan	8,110.73	10,326.19	12,498.00
Water Utility:			
Water Assessment	17,525.00	18,283.02	19,089.02
Bonds and Notes	84,397.84	85,897.84	87,397.84
Sewer Utility:			
Sewer Assessment	214,902.96	114,746.83	119,901.83
Bonds and Notes	<u>10,876.04</u>	<u> </u>	<u> </u>
Total Issued	4,122,179.73	4,201,870.19	4,418,237.00
<u>Less</u>			
Funds Temporarily Held to Pay Bonds and Notes:			
Open Space Debt	1,602,206.00	1,638,206.00	1,688,206.00
Excess Proceeds of Notes Issued			
Assessment Cash Pledged to Notes	<u>57,152.84</u>	<u>99,006.11</u>	<u>54,234.00</u>
Total Deductions	<u>1,659,358.84</u>	<u>1,737,212.11</u>	<u>1,742,440.00</u>
Net Debt Issued	<u>2,462,820.89</u>	<u>2,464,658.08</u>	<u>2,675,797.00</u>
<u>Authorized but not Issued</u>			
General:			
Bonds and Notes			142,500.00
Sewer Utility:			
Total Authorized but not Issued	<u> </u>	<u>100,000.00</u>	<u>142,500.00</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$2,462,820.89</u>	<u>\$2,564,658.08</u>	<u>\$2,818,297.00</u>

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

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 .209%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$3,008,000.00	\$3,008,000.00	\$
Water Utility Debt	101,922.84	101,922.84	
Sewer Utility Debt	225,779.00	225,779.00	
General Debt	<u>3,794,477.89</u>	<u>1,659,358.84</u>	<u>2,135,119.05</u>
	<u>\$7,130,179.73</u>	<u>\$4,995,060.68</u>	<u>\$2,135,119.05</u>

Net Debt \$2,135,119.05 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,020,126,195 = .209%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$35,704,416.82
Net Debt	<u>2,135,119.05</u>
Remaining Borrowing Power	<u>\$33,569,297.77</u>

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

F. Debt (Continued)

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S.A. 40A:2-45

Cash Receipts from fees, rents or other charges for year		\$160,778.40
Deductions:		
Operating and Maintenance Cost	\$134,000.00	
Debt Service per Water Account	<u>5,171.65</u>	
Total Deductions		<u>139,171.65</u>
Excess in Revenue-Self Liquidating		<u>\$ 21,606.75</u>

Footnote:

If there is an "excess in revenue", all such utility debt is deductible.

Calculation of "Self-Liquidating Purpose", Sewer Utility Per N.J.S.A. 40A:2-45

Cash Receipts from fees, rents or other charges for year		\$158,730.58
Deductions:		
Operating and Maintenance Cost	\$141,500.00	
Debt Service per Sewer Account	<u>3,809.59</u>	
Total Deductions		<u>145,309.59</u>
Excess in Revenue—Self Liquidating		<u>\$ 13,420.99</u>

Footnote:

If there is an "excess in revenue", all such utility debt is deductible.

A revised annual debt statement should be filed by the Chief Financial Officer.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

F. Debt (Continued)

1. Bonds Payable

Bonds are authorized in accordance with State law by the adoption of an ordinance. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Township of Boonton are general obligation bonds.

Serial Bonds outstanding as of December 31, 2007 consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
General Improvements of 1995	5.15%	7/1	7/1/10	\$1,757,000.00	\$445,000.00

Principal and interest due on serial bonds outstanding is as follows:

<u>Calendar Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2008	145,000.00	22,917.50	167,917.50
2009	150,000.00	15,450.00	165,450.00
2010	<u>150,000.00</u>	<u>7,725.00</u>	<u>157,725.00</u>
	<u>\$445,000.00</u>	<u>\$ 46,092.50</u>	<u>\$ 491,092.50</u>

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

F. Debt (Continued)

2. Bonds Anticipation Notes

Bond Anticipation Notes outstanding as of December 31, 2007 consists of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Capital:				
Resurfacing Various Roads	3.65%	6/24/99	1/25/08	\$ 49,017.00
Building Renovations, Furnishings and Air Conditioning	3.65%	6/24/99	1/25/08	11,000.00
Acquisition of Property	3.65%	6/24/99	1/25/08	196,284.00
Acquisition of Property	3.65%	2/2/99	1/25/08	142,465.00
Acquisition of Property	3.65%	10/4/00	1/25/08	168,980.00
Acquisition of Property	3.65%	10/4/00	1/25/08	284,056.00
Improvement of the Sanitary Sewerage System	3.65%	6/21/01	1/25/08	55,500.00
Acquisition of Fire Equipment	3.65%	1/28/04	1/25/08	196,646.90
Resurfacing Various Roads	3.65%	1/26/06	1/25/08	139,500.00
Various Improvements	3.65%	6/22/05	1/25/08	193,500.00
Various Improvements	3.95%	7/13/07	1/25/08	147,250.00
Acquisition of Property	3.65%	1/28/04	1/25/08	810,421.00
				<u>\$2,394,619.90</u>

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

F. Debt (Continued)

2. Bonds Anticipation Notes

Bond Anticipation Notes outstanding as of December 31, 2007 consists of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
Assessment:				
Elcock Ave./Grove St. – Sanitary, Water & Storm	3.65%	6/24/99	1/25/08	\$ 726,123.10
Elcock Ave./Grove St. – Sanitary, Water & Storm	3.65%	11/1/01	1/25/08	1,957.16
Improvement to Sanitary Sewer System	3.65%	6/21/02	1/25/08	<u>218,667.00</u>
				<u>\$946,747.26</u>
Water Utility:				
Assessment:				
Improvement of Water Supply and Distribution System	3.65%	6/21/02	1/25/08	17,525.00
Improvement of Water Supply and Distribution System	3.65%	6/21/02	1/25/08	<u>84,397.84</u>
				<u>101,922.84</u>
Sewer Utility Assessment:				
Sylvan Lane	3.65%	1/25/07	1/25/08	100,000.00
Sylvan Lane	3.65%	10/03/07	1/25/08	4,423.96
Improvements to Sanitary Sewer System	3.65%	6/21/02	1/25/08	<u>110,479.00</u>
				<u>\$ 214,902.96</u>

3. Bonds Authorized but not Issued

As of December 31, 2007 the Township of Boonton had no authorized but not issued bonds.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

G. Loan Agreements

The Township of Boonton has entered into a loan agreement with the State of New Jersey for the acquisition of land. Funds for the project have been provided under the Green Trust Local Assistance Program. The loan, in the amount of \$38,772.00, is repayable over a twenty year period at a rate of interest not to exceed 2%. Drawdown of the loan was initiated in 1991.

Following are the remaining maturities for the outstanding principals and interest:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	2,260.00	150.96	2,410.96
2009	2,305.43	105.53	2,410.96
2010	2,351.76	59.20	2,410.96
2011	<u>1,193.54</u>	<u>11.94</u>	<u>2,410.96</u>
	<u>\$ 8,110.73</u>	<u>\$ 327.63</u>	<u>\$ 8,438.36</u>

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note II: Detailed Notes On All Funds (Continued)

H. Fund Balance Appropriated

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

Current Fund	\$765,000.00
Water Operating Fund	48,886.00
Sewer Operating Fund	16,334.40

Note III: Pension Plans

Description of Systems

Substantially all of the Township employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Public Employees' Retirement System (PERS) and the Police and Fireman's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The PERS and PFRS are considered cost sharing multiple-employer defined benefit plans.

The Public Employees' Retirement System (PERS) 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 to 10 years of service for pension benefits.

The Police and Fireman's Retirement System (PFRS) was established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State Firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

According to the state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement systems terminate. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits issues a publicly available financial report that includes the financial statements and required supplementary information of each of the above systems. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note III: Pension Plans (Continued)

Retirement Benefits

For PERS employees, the benefits will be 1/55 of the average of the three highest year compensation for each year of service. However, for PERS who are veterans of the U.S. armed forces, the benefits will be 1/55 of final compensation for each year of service.

For PFRS employees, the benefits will be various percentages of final compensation depending upon the number of years of service.

Significant Legislation

Chapter 108, P. L. 2003, effective July 1, 2003 provided that the Township of Boonton shall reduce the normal and accrued liability contributions payable by the Township of Boonton 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%; for payments due in the State fiscal year ending June 30, 2006 not more than 40%; for payments due in the fiscal year ending June 30, 2007, not more than 60%; for payments due in the fiscal year ending June 30, 2008, not more than 80%. The law provides that local employees' PFRS normal and accrued liability contributions shall be as follows: for payments due in the State fiscal year ending June 30, 2005, not more than 40%, for payments due in the State fiscal year ending June 30, 2006, not more than 60%; for payments due in the fiscal year ending June 30, 2007, not more than 80%.

Contribution Requirements

The contribution policy is set by New Jersey State Statutes 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 various pension funds provide for employee contributions based on percentages ranging from 5.00 percent for PERS to 8.50 percent for PFRS of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PFRS and PERS.

During the year ended December 31, 2007, for CPFPF, annual pension cost equals annual required contribution. For PFRS and PERS, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note III: Pension Plans (Continued)

Contribution Requirements (Continued)

Legislation enacted in 1993 provided early retirement incentives for Township employees in PERS and PFRS who met certain age and service requirements and applied for retirement between certain dates. In PERS the early retirement incentives included an additional five years of service credit, as defined, for employees at least age 50 with a minimum of 25 years of service; free health benefits for employees at least 60 years old with at least 20 years of service; and an additional \$500 per month for employees at least age 60 with ten but less than 20 years. In PFRS, an employee age 47 or older with 20 or more years of service credit received five additional years of service or any lesser number of years to provide the member with the maximum 30 years of service credit as of the date of retirement. The Township of Boonton will assume the increased cost for the early retirement.

The Township total payroll for the year ended December 31, 2007 was \$1,640,403.79 and covered payroll was \$415,011.00 for PERS and \$1,020,022.00 for PFRS. Contributions to the PERS and the PFRS for the last two years made by the employees and Township of Boonton were as follows:

		<u>PERS</u>	<u>Percent of Covered Payroll</u>	<u>PFRS</u>	<u>Percent of Covered Payroll</u>
Employees	12/31/05	\$19,760.85	5.07%	\$75,322.44	8.60%
	12/31/06	20,346.20	5.07%	84,763.95	8.75%
	12/31/07	20,782.45	5.00%	86,702.02	8.50%
Township of Boonton	12/31/05	2,646.60	.68%	38,271.20	4.37%
	12/31/06	7,512.80	1.85%	87,793.20	8.24%
	12/31/07	14,450.40	3.48%	122,848.00	12.04%

Note IV: Post Retirement Medical Benefits

P.L. 1997, C.330 provides State paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State is responsible for 80% of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State contributed \$19.6 million for the fiscal year 2006 to provide benefits under Chapter 330 to qualified retirees.

PERS employees do not receive post-retirement medical benefits.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note V: Risk Management

The Township of Boonton is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township of Boonton is a member of the Morris County Municipal Joint Insurance Fund (the "JIF"). The JIF is a self-administered group of municipalities established for the purpose of providing certain low-cost general liability, automobile liability and workers' compensation insurance coverage up to \$200,000 for member municipalities. The Township of Boonton pays an annual assessment to the JIF and should it be determined that payments received by the JIF are deficient, additional assessments may be levied.

The JIF can declare and return excess surplus to members upon approval of the State of New Jersey Department of Insurance. These distributions would be divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Government Accounting Standards Board, these distributions may be used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Township of Boonton is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides insurance coverage for claims in excess of \$200,000 for general liability, automobile liability and \$100,000 for workers' compensation. The MEL also provides insurance coverage for the following: employment practices liability, non-owned aircraft, public official's liability, directors and officers liability and Faithful Performance and Employee Dishonesty Blanket Bond (\$250,000 limit).

The JIF's members are also members of the New Jersey Municipal Environmental Risk Management Fund which provides commercial insurance coverage for environmental impairment liability. The JIF provides property coverage (i.e. Boiler and Machinery, Flood, Valuable Papers, etc.) to its members by participating in a state-wide joint purchase program arranged by the MEL acting as a lead agency.

The Township of Boonton continues to carry commercial insurance coverage for all other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWNSHIP OF BOONTON

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2007
(CONTINUED)

Note VI: Segment Information – Utility/Enterprise Funds

The Township of Boonton maintains two utility funds which provide water and sewer services. Segment information for the year ended December 31, 2007 was as follows:

	<u>Water</u> <u>Fund</u>	<u>Sewer</u> <u>Fund</u>
Operating Revenues	\$160,778.40	\$158,730.58
Operating Income	221,546.32	167,979.12
Net Income	77,874.67	22,669.53
Fixed Assets:		
Additions		
Deletions		
Net Working Capital	92,790.98	48,470.70
Total Operating Assets	131,318.42	63,002.63
Operating Fund Balance	92,790.98	48,470.70
Long Term Debt		
Short Term Debt	84,397.84	10,876.04

Note VII: Accrued Sick and Vacation Benefits

The Township has no formal policy for the payment of accrued sick or vacation benefits.

Note VIII: Contingent Liabilities

The Township of Boonton is a defendant in certain lawsuits, none of which is unusual for a municipality of its size. Additional liabilities, if not covered by insurance, should not be material in amount.

The Township also had a revaluation of property done in 2006 effective for tax year 2007. While tax appeals have been filed relative to the new assessed valuation it is impossible to predict what effect, if any, this matter will have on the Township.

APPENDIX C

FORM OF LEGAL OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP

A NEW YORK LIMITED LIABILITY PARTNERSHIP

NEWARK
NEW YORK
WASHINGTON
HARTFORD
LOS ANGELES
SACRAMENTO
SAN FRANCISCO

ONE GATEWAY CENTER
24TH FLOOR
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C. STEVEN DONOVAN
ROBERT H. BEINFELD
KRISTINE L. PERLA
ERIC J. SAPIR
CHARLES G. TOTO
PATRICIA A. GOINS
CHRISTOPHER M. WATERMAN

January 21, 2010

Township Committee of The
Township of Boonton, in the
County of Morris, New Jersey

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$644,000 General Bonds of 2010, \$1,515,000 Open Space Bonds of 2010, \$81,000 Water Bonds of 2010, \$180,000 Sewer Assessment Bonds of 2010 and \$750,000 Trust Assessment Bonds of 2010 (collectively, the "Bonds") of The Township of Boonton, in the County of Morris, a municipal corporation of the State of New Jersey, situate in said County of Morris (the "Township"). The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, and as provided by (i) with respect to the General Bonds, a resolution of the Township Committee of the Township, entitled: "Resolution providing for the combination of certain issues of bonds of the Township of Boonton, in the County of Morris, New Jersey, into a single issue of General Bonds aggregating \$644,000 in principal amount", adopted December 14, 2009 and the bond ordinances referred to therein, (ii) with respect to the Open Space Bonds, a resolution of the Township Committee of the Township, entitled: "Resolution providing for the combination of certain issues of bonds of the Township of Boonton, in the County of Morris, New Jersey, into a single issue of Open Space Bonds aggregating \$1,515,000 in principal amount", adopted December 14, 2009 and the bond ordinances referred to therein, (iii) with respect to the Water Bonds, a bond ordinance of the Township entitled: "Bond ordinance providing for improvement of the water supply and distribution system in and by the Township of Boonton, in the County of Morris, New Jersey, appropriating \$115,000 therefor, directing a special assessment of the cost thereof, and authorizing the issuance of \$115,000 bonds or notes of the Township for financing the same", adopted May 20, 2002, (iv) with respect to the Sewer Assessment Bonds, a resolution of the Township Committee of the Township, entitled: "Resolution providing for the combination of certain issues of bonds of the Township of Boonton, in the County of Morris, New Jersey, into a single issue of Sewer Assessment Bonds aggregating \$180,000 in principal amount", adopted December 14, 2009 and the bond ordinances referred to therein and (v) with respect to the Trust Assessment Bonds, a resolution of the Township Committee of the Township entitled "Resolution providing for the combination of certain issues of bonds of the Township of Boonton, in the County of Morris, New Jersey, into a single issue of Trust Assessment Bonds aggregating \$750,000 in principal amount", adopted on December 14, 2009 and the bond ordinances referred to therein.

The Bonds are dated January 21, 2010, and bear interest from their dated date at the rates per annum (payable semi-annually on each January 15 and July 15 until maturity or earlier redemption, commencing July 15, 2010) and mature on January 15 in the years and in the respective principal amounts set forth below:

General Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$57,000		2016	\$65,000	
2012	57,000		2017	68,000	
2013	58,000		2018	70,000	
2014	60,000		2019	72,000	
2015	63,000		2020	74,000	

Open Space Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$143,000		2016	\$154,000	
2012	143,000		2017	156,000	
2013	147,000		2018	158,000	
2014	149,000		2019	161,000	
2015	151,000		2020	153,000	

Water Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$7,000		2016	\$ 8,000	
2012	7,000		2017	8,000	
2013	7,000		2018	9,000	
2014	8,000		2019	9,000	
2015	8,000		2020	10,000	

Sewer Assessment Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$18,000		2016	\$18,000	
2012	18,000		2017	18,000	
2013	18,000		2018	18,000	
2014	18,000		2019	18,000	
2015	18,000		2020	18,000	

Trust Assessment Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$75,000		2016	\$75,000	
2012	75,000		2017	75,000	
2013	75,000		2018	75,000	
2014	75,000		2019	75,000	
2015	75,000		2020	75,000	

The Bonds are not subject to redemption prior to maturity at the option of the Township.

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements to 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 under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of the Township delivered in connection with the issuance of the Bonds which contains provisions and procedures regarding compliance with the requirements of the Code. By said Arbitrage and Use of Proceeds Certificate, the Township has certified that, to the extent it is empowered and allowed under applicable law, it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds is excludable from gross income under Section 103 of the Code. In rendering this opinion we have assumed that the Township will comply with the provisions and procedures set forth in its Arbitrage and Use of Proceeds Certificate.

In our opinion, the Bonds are valid and legally binding obligations of the Township and, unless paid from other sources, are payable from ad valorem taxes levied upon all the taxable property within the Township without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of corporations for purposes of calculating the alternative minimum tax. In addition, in our opinion, under existing statutes, interest on the Bonds is not included in gross income under the New Jersey Gross Income Tax Act.

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

We express no opinion regarding any other federal or state consequences with respect to the Bonds. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update this opinion after the issue date to reflect any future action, fact or circumstance,

Township Committee of The
Township of Boonton, in the
County of Morris, New Jersey

4.

or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax law.

We have examined an executed bond of each of said series, and, in our opinion, the forms of said bonds and their execution are regular and proper.

Very truly yours,