

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

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

\$5,111,000**THE BOROUGH OF ALLENDALE
COUNTY OF BERGEN, NEW JERSEY****\$4,165,000 General Improvement Bonds****\$946,000 Water Utility Bonds****(Callable) (Bank-Qualified)****(Book-Entry Only)****Dated: February 15, 2010****Due: February 15, as shown below**

The General Improvement Bonds and the Water Utility Bonds (collectively, the "Bonds") of The Borough of Allendale, in the County of Bergen, New Jersey (the "Borough"), will be issued as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, with the Bonds immobilized in the custody of DTC. Owners of beneficial interests in the Bonds will not receive physical delivery of bond certificates, but are to receive statements or other evidence of such ownership of beneficial interests from sources from which such interests were purchased. Investors may purchase beneficial interests in the Bonds in book-entry form in the denomination of \$5,000 or any integral multiple thereof (except for one odd piece in excess of \$5,000). See "THE BONDS – Book-Entry Only System" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will, in turn, remit such payments to the owners of beneficial interests in the Bonds. Principal of the Bonds is payable on February 15 of each of the years set forth below, and interest on the Bonds is payable on each February 15 and August 15, commencing August 15, 2010, in each year until maturity or prior redemption.

The Bonds are subject to redemption prior to their stated maturities at the prices, at the times and in the manner described herein. See "Prior Redemption" herein.

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

COMBINED MATURITY SCHEDULE, INTEREST RATES AND YIELDS OR PRICES

<u>Year</u>	<u>Amount</u> <u>Maturing</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>Year</u>	<u>Amount</u> <u>Maturing</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>
2011	\$ 35,000	%	%	2019	\$ 460,000	%	%
2012	110,000			2020	560,000		
2013	185,000			2021	1,110,000		
2014	185,000			2022	1,095,000		
2015	110,000			2023	125,000		
2016	85,000			2024	225,000		
2017	160,000			2025	250,000		
2018	185,000			2026	231,000		

(plus accrued interest from February 15, 2010)

The Bonds are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about February 19, 2010.

**ELECTRONIC BIDS VIA PARITY AND
SEALED PROPOSALS WILL BE RECEIVED
UNTIL 11:00 O'CLOCK A.M. ON FEBRUARY 10, 2010
AT THE BOROUGH HALL
500 WEST CRESCENT AVENUE
ALLENDALE, NEW JERSEY 07401-1799**

**THE BOROUGH OF ALLENDALE
BOROUGH HALL
500 WEST CRESCENT AVENUE
ALLENDALE, NEW JERSEY 07401**

GOVERNING BODY

MAYOR

Vince Barra
Term Expires December 31, 2010

BOROUGH COUNCIL

<u>MEMBER</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Ari Bernstein	Councilperson	December 31, 2010
Susan LaMonica	Councilperson	December 31, 2010
Robert T. Schoepflin	Councilperson	December 31, 2011
Jim Strauch	Councilperson	December 31, 2012
Amy Wilczynski	Councilperson	December 31, 2011
Liz White	Councilperson	December 31, 2012

BOROUGH OFFICIALS

BOROUGH CLERK
Gwen McCarthy

CHIEF FINANCIAL OFFICER
M. Alissa Mayer

TAX COLLECTOR

Harold E. Laufeld III

TAX ASSESSOR
Angela M. Mattiace

CONSULTANTS AND ADVISORS

BOROUGH ATTORNEY
David B. Bole, Esq.
Winne, Dooley & Bole
Paramus, New Jersey

BOROUGH AUDITOR
Charles J. Ferraioli, Jr., M.B.A., C.P.A., R.M.A.
Ferraioli, Wielkotz, Cerullo & Cuva, P.A.
Pompton Lakes, New Jersey

BOND COUNSEL
Rogut McCarthy LLC
Cranford, New Jersey

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

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

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

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**OFFICIAL STATEMENT
OF
THE BOROUGH OF ALLENDALE
IN THE COUNTY OF BERGEN, NEW JERSEY
RELATING TO
\$5,111,000 BONDS CONSISTING OF
\$4,165,000 GENERAL IMPROVEMENT BONDS
AND
\$946,000 WATER UTILITY BONDS**

INTRODUCTION

This Official Statement, which includes the cover page hereof and the Appendices attached hereto, is furnished by The Borough of Allendale (the "Borough"), in the County of Bergen (the "County"), a municipal corporation of the State of New Jersey (the "State"), to provide certain information relating to the Borough and the \$5,111,000 Bonds consisting of \$4,165,000 General Improvement Bonds (the "General Improvement Bonds") and the \$946,000 Water Utility Bonds (the "Water Utility Bonds", and together with the General Improvement Bonds, the "Bonds"), including their general description, the purposes of the issue, a summary of borrowing procedures, certain matters affecting the financing, certain legal matters, historical financial and economic information on the Borough and other information pertinent to the Bonds. This Official Statement should be read in its entirety in order to make an informed investment decision. This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and the Borough Clerk.

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

DESCRIPTION OF THE BONDS

The Bonds shall be dated and shall bear interest from February 15, 2010 and will mature on February 15 in each year as set forth on the cover page of this Official Statement. Interest on the Bonds is payable semi-annually commencing August 15, 2010 and thereafter on each February 15 and August 15 (each, an "Interest Payment Date") until maturity or prior redemption at the respective interest rates set forth on the cover page hereof. Principal of and interest on the Bonds will be paid to The Depository Trust Company, New York, New York ("DTC"), by the Chief Financial Officer, acting as "Bond Registrar/Paying Agent." Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of the last business day of the month preceding the month in which such Interest Payment Date occurs (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of each issue and in the principal amount of such maturity. The Bonds will be issued in book-entry form only. Investors may purchase beneficial interests in the Bonds in the denomination of \$5,000 or any integral multiple thereof (except for one odd piece in excess of \$5,000). So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Bond Registrar/Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC. Disbursement of such payments to the participants of DTC is the responsibility of DTC. Disbursement of such payments to the beneficial owners is the responsibility of the DTC participants. See "BOOK-ENTRY ONLY SYSTEM" below.

PRIOR REDEMPTION

The Bonds maturing on or before February 15, 2020 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after February 15, 2021 are subject to redemption at the option of the Borough prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after February 15, 2020, upon notice as hereinafter set forth at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the Borough determines to optionally redeem a portion of the Bonds prior to maturity, such Bonds so redeemed shall be in such maturities as determined by the Borough, and within any maturity, by lot; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, the Bond Registrar/Paying Agent shall treat each Bond as representing that number of Bonds that is obtained by dividing the principal amount of such Bond by \$5,000.

Notice of redemption shall be given by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Bond Registrar/Paying Agent at least thirty (30) but not more than sixty (60) days before the date fixed for redemption. Such mailing is not a condition precedent to redemption, and the failure to mail or to receive any redemption notice will not affect the validity of the redemption proceedings. If any Bond subject to redemption is a part of a greater principal amount of the Bonds not to be redeemed, such entire amount shall be surrendered to the Bond Registrar/Paying Agent and, for that portion of the Bond not to be redeemed, a new Bond shall be issued in the name of the registered owner in an amount equal to the principal amount of the Bond surrendered less the amount to be redeemed.

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

AUTHORIZATION FOR THE BONDS

The Bonds are authorized by and are issued pursuant to the laws of the State of New Jersey, including the Local Bond Law, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"). The Bonds are authorized by various bond ordinances adopted by the Borough Council of the Borough. The issuance of the Bonds does not require voter approval through a referendum. Sale of the Bonds was approved by a resolution of the Borough Council adopted on January 14, 2010. The bond ordinances included in the sale of the Bonds were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale, execution or delivery of the Bonds by the Borough.

On November 30, 2009, the Borough received the approval of the Local Finance Board (the "Local Finance Board"), in the Division of Local Government Services, in the New Jersey Department of Community Affairs, to issue each series of the Bonds with a maturity schedule that does not conform with N.J.S.A. 40A:2-26(b). Such statute requires that no annual principal installment exceed by more than 100% the amount of the smallest prior installment. The Local Finance Board permitted the Borough to use maturity schedules that deviated from the statutory limits on principal amount of annual installments, in order to levelize the Borough's total outstanding general fund and water utility debt over the next several years.

PURPOSE OF ISSUE

The proceeds of the Bonds, together with cash on hand, will be used for a current refunding of \$5,177,898 of the Borough's outstanding bond anticipation notes.

The following table sets forth the ordinance number, par amount authorized, description of the improvement, and the par amount of Bonds offered for sale.

GENERAL IMPROVEMENT BONDS

<u>Ordinance Number</u>	<u>Authorized Amount</u>	<u>Description</u>	<u>Bonds Sold</u>
05-03/07-09	\$2,395,000	Various Improvements	\$1,036,780.25
06-21	1,799,000	Various Improvements	1,473,452.75
08-09	730,000	Various Improvements	657,000.00
08-26	337,000	Various Improvements	255,707.00
09-09	743,500	Various Improvements	<u>742,060.00</u>
			<u>\$4,165,000.00</u>

WATER UTILITY BONDS

<u>Ordinance Number</u>	<u>Authorized Amount</u>	<u>Description</u>	<u>Bonds Sold</u>
06-20	\$300,000	Various Water Utility Improvements	\$143,414.00
08-25	178,000	Various Water Utility Improvements	145,744.00
09-10	660,000	Various Water Utility Improvements	<u>656,842.00</u>
			<u>\$946,000.00</u>

SECURITY FOR THE BONDS

The Bonds are general obligations of the Borough, and unless paid from other sources, the Borough is required by law to levy ad valorem taxes upon all the real property taxable within the Borough for the payment of the principal of and interest on the Bonds, without limitation as to rate or amount.

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

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

MARKET PROTECTION

The Borough does not expect to issue tax anticipation notes or additional bonds during the remainder of 2010. The Borough intends to issue bond anticipation notes in 2010 to refund outstanding bond anticipation notes issued for the acquisition of real property.

NO DEFAULT

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

INVESTMENT OF MUNICIPAL FUNDS

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

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

The Borough has no investments in derivatives.

PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments, with no annual principal payment greater than 100% of the smallest amount of any prior year's principal amount. A 5% cash down payment is generally required toward the financing of capital expenditures for municipal purposes.

Debt Limit

The authorized bonded indebtedness of a municipality is limited by statute, subject to certain exceptions, to an amount equal to 3 1/2% of its equalized valuation basis. The equalized valuation basis of a municipality is set by statute as the average for the last three preceding years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries as annually determined by the State Board of Taxation. Certain categories of debt, which include the portion of school debt within a school district's debt limitation and the self-liquidating portion of a utility's debt, are permitted by statute to be deducted for purposes of computing the statutory debt limit.

Exceptions to Debt Limit

The debt limit of a municipality may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization is to exceed a municipality's debt limit, a municipality must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of a municipality to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition to the aforesaid, debt in excess of the debt limit may be issued without the approval of the Local Finance Board to fund certain notes, for self-liquidating purposes and, in each fiscal year in an amount not exceeding two-thirds of the amount budgeted in such fiscal year, for the retirement of outstanding obligations (exclusive of obligations issued for utility or assessment purposes).

School Debt Limit

State law permits local school districts, upon approval of the voters in a Type II school district (the Borough's school district is a Type II school district), to authorize school district debt, including debt in excess of its independent debt limitation by using a municipality's share of its available borrowing capacity. If such debt is in excess of a school district's debt limit and the remaining borrowing capacity of a municipality, the State's Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters for approval.

Short Term Financing (N.J.S.A. 40A:2-8(a))

A local governmental unit may issue bond anticipation notes to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or resolution so provides. Any such note is designated a "bond anticipation note". Bond anticipation notes, which are full faith and credit obligations of the issuer, may be issued for a period not exceeding one year and may be renewed from time to time for a period that does not exceed one 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 notes. At each anniversary date from the original date of issuance commencing with the third anniversary, the principal amount of renewal bond anticipation notes must be reduced by the minimum amount of the first maturity of a bond issue.

Tax Anticipation Notes (N.J.S.A. 40A:4-64)

The issuance of tax anticipation notes is limited in amount by law to, collectively, 30% of the tax levy plus 30% of realized miscellaneous revenues of the next preceding fiscal year, and must be paid in full within 120 days after the close of the fiscal year in which they were issued.

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.

Refunding Bonds (N.J.S.A. 40A:2-51 et seq.)

Refunding bonds may be issued pursuant to the Local Bond Law for various purposes, including paying, funding or refunding outstanding bonds, including emergency appropriations, the actuarial liabilities of a non-State administered public employee pension system, amounts owing to others for taxes levied and for paying the cost of issuance of refunding bonds. The Local Finance Board must consent to the authorization for the issuance of refunding bonds and approve the maturity schedule thereof.

APPROPRIATION NOT REQUIRED FOR PAYMENTS ON DEBT

It is not necessary to have an appropriation in order to release money for debt service on obligations. N.J.S.A. 40A:4-57 states, "No officer, board, body or commission shall, during any fiscal year, expend money (except to pay notes, bonds or interest thereon), incur any liability, or enter into any contract which by its terms involves the expenditure of money for any purpose for which no appropriation is provided, or in excess of the amount appropriated for such purpose". N.J.S.A. 40A:2-4 states, "The power and obligation of a local governmental unit to pay any and all bonds and notes issued by it pursuant to this Chapter, or any act of which this Chapter is a revision, shall be unlimited"

STATUTORY BUDGET REQUIREMENTS

Set forth below is a summary of various statutory requirements relevant to the Borough's budget process. This summary does not purport to be complete, and reference should be made to the statutes referred to for a complete statement of the provisions thereof.

SUMMARIES OF CERTAIN PROVISIONS OF THE LOCAL BUDGET LAW AND THE LOCAL FISCAL AFFAIRS LAW

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

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt an annual operating budget in the form required by the Division of Local Government Services (the "Division"), Department of Community Affairs, State of New Jersey. Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires each local governmental unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations. The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review, focusing on anticipated revenues, functions to protect the solvency of all local governmental units. The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for the year, then such excess must be raised in the succeeding year's budget.

Limitations on Municipal Appropriations and Tax Levy

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

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

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

The Borough's 2009 Budget was in compliance with both "CAPS", taking into account applicable adjustments and without requesting any waivers from the Local Finance Board.

Real Estate Taxes

N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum that may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local governmental 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 a municipality and payable in a fiscal year, shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of such preceding fiscal year".

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

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

Chapter 28 of the Pamphlet Laws of 1997 of New Jersey amended Section 41 of the Local Budget Law to allow municipalities to reduce the reserve for uncollected taxes by taking into account prior year tax reductions resulting from tax appeal judgments awarded to property owners. Another recent statute, Chapter 99 of the Pamphlet Laws of 1997 of New Jersey, allows a municipality to (1) reduce the reserve for uncollected taxes by deducting receipts anticipated during the fiscal year from the sale of unpaid taxes or municipal liens when such sale is concluded in the final month of the fiscal year or (2) not budget for the reserve for uncollected taxes if it sells its property tax levy pursuant to such statute. See "Appendix A, Description of The Borough of Allendale Together with Certain Economic and Debt Information - Levy and Collection of Taxes" for a brief discussion of Chapter 99.

Miscellaneous Revenues

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

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

Deferral of Current Expenses

Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of a local governmental unit. With minor exceptions, however, such appropriations must be included in full in the following year's budget. When such appropriations exceed 3% of the adopted operating budget, consent of the Director must be obtained.

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

Budget Transfers

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

Capital Budget

In accordance with the Local Budget Law, each local governmental unit shall revise annually a one to 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 one to six years.

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

This law regulates the nonbudgetary financial activities of local governmental units. An annual independent audit of the local governmental unit's accounts for the previous year must be performed by a New Jersey licensed Registered Municipal Accountant. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of a local governmental 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 entire annual audit report is filed with the Borough Clerk and is available for review during business hours.

The financial officer of every local governmental unit must file annually with the Director a verified statement of the financial condition of the local governmental unit.

FINANCIAL OPERATIONS

Basis of Accounting

The accounting policies of the Borough conform to the accounting principles applicable to local governmental units which have been prescribed by the Division. The following is a summary of the significant 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 of New Jersey. Expenditures are recorded on the accrual basis. Appropriation 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 Borough'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.

Fiscal Year

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

General Expenditures

Expenditures are comprised of those made for general Borough 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 Borough purposes include payments made primarily in support of the Borough's various departments.

STATEMENT OF LITIGATION

There is at present no single action pending or threatened against the Borough which would impose an undue financial burden on the Borough. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Borough is a party-defendant in certain lawsuits, none of a kind unusual for a municipality of its size, and none of which, in the opinion of the Borough Attorney, would materially and substantially impair the Borough's ability to pay its bondholders. All of the Borough's tort actions are being defended by an insurance company as well as by the insurance underwriters. Pending municipal real estate tax appeals are limited in number and, based upon the Borough's prior experience, and assuming that such tax appeals are resolved adversely to the interest of the Borough, such resolution would not materially and substantially impair the Borough's ability to pay its bondholders.

TAX MATTERS

Federal Income Taxes

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

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

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

Tax Opinions

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

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

Additional Federal Income Tax Consequences

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

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

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

Legal Matters

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

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

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

Certificates of Borough Officials

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

SECONDARY MARKET DISCLOSURE

The Borough has agreed, pursuant to a resolution adopted on January 14, 2010, to undertake for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12. Specifically, the Borough will do the following for the benefit of the holders of the Bonds and the beneficial owners thereof:

(A) Not later than seven months after the end of the Borough's fiscal year (presently December 31), commencing with the report for the fiscal year ending December 31, 2009, provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format, as prescribed by the MSRB, annual financial information with respect to the Borough consisting of (i) audited financial statements (or unaudited financial statements if audited financial statements are not then available by the date of filing, which audited financial statements will be delivered when and if available) of the Borough and (ii) certain financial information and operating data consisting of (a) information concerning the Borough's debt, overlapping indebtedness, tax rate, levy and collection data, property valuation and fund balance of the type contained under the headings "Major Real Property Taxpayers", "Net Assessed and Equalized Property Valuations", "Levy and Collection of Taxes", "Current Fund Balances and Amounts Utilized in Succeeding Year's Budget" and "Debt Information" in Appendix A of this Official Statement and (b) the Borough's most recent adopted budget. The audited financial statements will be prepared in accordance with mandated State statutory accounting principles, as in effect from time to time. Audited financial statements if not available by the filing date will be submitted separately when available.

(B) Provide or cause to be provided to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal or interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax exempt status of the Bonds;
- (7) Modifications to the rights of Bondholders;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution or sale of property which secures the repayment of the Bonds; and;
- (11) Rating changes.

(C) Provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB and the SID, if any, notice of a failure of the Borough to provide required annual financial information on or before the date specified above.

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

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

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

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

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

Recent actions taken by the SEC and the MSRB, effective July 1, 2009, are intended to improve access to continuing disclosure documents. The SEC amended Rule 15c2-12 to designate the MSRB as the sole repository of continuing disclosure documents, which will be required to be submitted only in an electronic format. The MSRB, in a companion action, designated its Electronic Municipal Market Access (EMMA) free online public access system (which currently provides access to official statements and real-time bond pricing data) to be the recipient of the continuing disclosure documents, with public access to such information through an internet portal at no charge, as well as through a fee-based real time data stream subscription service. The Borough intends to comply with these filing changes when they take effect.

PREPARATION OF OFFICIAL STATEMENT

Ferraioli, Wielkotz, Cerullo & Cuva, P.A., Auditor for the Borough, has assisted in the preparation of this Official Statement with information obtained from Borough documents and from other sources, including publicly available sources, considered reliable, but Ferraioli, Wielkotz, Cerullo & Cuva, P.A., does not make any warranty or other representation with respect to the accuracy and completeness of such information.

Ferraioli, Wielkotz, Cerullo & Cuva, P.A. takes responsibility for the audited financial statements to the extent specified in the Independent Auditor's Report.

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

Rogut McCarthy LLC and David B. Bole, Esq. have not participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, express no opinion with respect thereto.

LEGALITY FOR INVESTMENT

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

RATING

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

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

UNDERWRITING

The Bonds have been purchased at a public sale from the Borough for resale by the Underwriters.

ADDITIONAL INFORMATION

Additional information may be obtained from the Borough of Allendale, Borough Hall, 500 West Crescent Avenue, Allendale, New Jersey, 07401-1792, Attention: M. Alissa Mayer, Chief Financial Officer (201-818-4409).

APPROVAL OF OFFICIAL STATEMENT

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

MISCELLANEOUS

All summaries and explanations of provisions of laws, statutes or documents herein do not purport to summarize or describe all of the provisions thereof, and reference is made to said laws, statutes or documents for further information.

The economic, debt and other summaries which appear in Appendix A attached hereto have been prepared from publicly available sources of information described in said Appendix.

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

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

The Borough of Allendale,
in the County of Bergen, New Jersey

By: /s/ _____
M. Alissa Mayer
Chief Financial Officer

By: /s/ _____
Gwen McCarthy
Borough Clerk

Dated: _____, 2010

APPENDIX A

**DESCRIPTION OF
THE BOROUGH OF ALLENDALE
TOGETHER WITH
CERTAIN ECONOMIC AND DEBT INFORMATION**

**APPENDIX A
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BOROUGH OF ALLENDALE GENERAL INFORMATION

The Borough is primarily a residential community, approximately 2.8 square miles in area, located in the northwest corner of Bergen County bordered by the Boroughs of Saddle River, Waldwick, Ramsey and the Townships of Wyckoff and Mahwah.

Settled in early 1700 and incorporated in 1894, the Borough has grown from a small rural community to a suburban community. It has the feel of a sleepy country hamlet, with tree-lined streets and houses set back on large, well kept lots.

The Borough is principally a municipality of individual residences. However, there are some industrial and commercial buildings and shopping at mini-malls.

The principal shopping areas for items other than food are the four main malls in Paramus along Routes 4 and 17. These shopping areas are approximately a twenty minute drive.

Transportation

Traveling time to New York City is approximately forty minutes. There are many New York City commuters residing in the Borough as well as employees of corporations throughout Bergen County.

MUNICIPAL GOVERNMENT

Allendale's governing body is composed of a Mayor and six Councilpersons. The Mayor and Council serve without pay. They are assisted by an appointed Administrator responsible for supervision of the Borough departments, purchasing, and coordinating the business affairs of the municipality. The Administrator is authorized to develop rules and procedures to increase the efficiency and govern the operation of the Borough government, subject to a majority vote of the Council.

The Mayor is elected to serve a four-year term and may succeed that term by reelection. He is responsible for the proper execution of local and State laws, the recommendation to Council of measures he deems in the best interest of the Borough, and maintenance of peace and order. Although he presides over meetings of the Borough Council, the mayor votes only in case of a tie. State law requires that he be a member of the Planning Board and Board of Trustees of the municipal Public Library.

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

Each Councilperson chairs one of the following Standing Committees and serves on others: Finance, Police, Fire, Zoning, Buildings and Grounds, Streets, Parks and Recreation and Water. The duties of the Standing Committees include the review of the administrative practices and procedures in order to facilitate the work of the Council.

BOROUGH OFFICIALS

Borough Clerk/Administrative Officer

Gwen McCarthy has been the Borough Clerk since May 4, 1998. In addition, Ms. McCarthy has been the Administrative Officer since January 1, 2008.

Chief Financial Officer

M. Alissa Mayer serves as the Chief Financial Officer since October 1, 2008.

Tax Collector

Harold E. Laufeld, III has been the Tax Collector since January 1, 2009.

Tax Assessor

Angela M. Mattiace has been with the Borough since August 1, 1989.

MUNICIPAL SERVICES

Police Protection

The Borough's Police Department consists of a Chief of Police, four Sergeants, eight Uniformed Officers, one Detective and four dispatchers.

Fire Protection

Fire protection is provided by the Allendale Volunteer Fire Department which was established in 1910.

Department of Public Works

The Department of Public Works ("DPW") is responsible for the maintenance and snow removal from the Borough's 28.6 miles of roads and municipally-owned property and buildings. The DPW is also responsible for the maintenance of the Borough's recreation, parks and recycling. The DPW workforce totals thirteen full-time salary personnel.

Utilities

Electricity and gas are provided by Public Service Electric and Gas Company and Rockland Electric Company (New York).

Telephone and C.A.T.V. are provided by many companies.

Water

Water is supplied from individual wells and by the Borough's Water Utility Department from an underground well and from United Water.

Wastewater

Wastewater disposal is primarily sewers connected to the Northwest Bergen County Utilities Authority. Sewer charges are included in the Borough's property tax levy.

Solid Waste

Solid Waste collection for establishments and residences is done by Suburban Disposal. Collection charges are invoiced directly to the Borough, which in turn includes such charges in the property tax levy. The three year contract started on April 15, 2008 and expires on April 14, 2011.

Recreation

Active organized programs are run by non-profit organizations. The Borough owns and operates 70 acre Crestwood Park, which offers swimming and other recreational activities.

A public library is open six days a week.

Acute Care Facilities

Hospitals are available in Pompton Plains, Wayne, Ridgewood, Hackensack, Paterson, and Good Samaritan Hospital in Suffern, New York, all within approximately 10 to 20 miles. A volunteer first aid squad provides service.

EDUCATIONAL FACILITIES

Local Public School System

The Borough's local school district (the "Local School District"), coterminous with the Borough, is a type II school district, an independent legal entity administered by a nine member Board of Education elected by the voters of the Local School District. The Local School District is authorized by law to issue debt for school purposes upon vote of the electorate.

The local school system's fiscal year commences each July 1 and ends each June 30. The local school system consists of grades K through 8. The Board of Education employs teachers and other personnel, which includes administrators, teacher aids, custodians, bus drivers and secretarial assistants.

Regional Public School System

Students in grades 9 through 12 attend the Northern Highlands Regional High School in the Borough, a secondary regional school facility composed of students from the Boroughs of Allendale, Ho-Ho-Kus and Upper Saddle River.

The Regional School District is authorized by law to issue debt for school purposes upon vote of the electorate.

Private/Religious Schools

There are numerous private and religious schools in and around the Borough.

RETIREMENT SYSTEMS

All full-time permanent or qualified Borough employees who began employment after 1944 must enroll 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. All retirement systems administered by the State are evaluated annually. The Borough is enrolled in the Public Employees' Retirement System and the Police and Firemen's Retirement System. The Borough is not delinquent with respect to its share of payments to the Public Employees Retirement System and the Police and Firemen's Retirement System or the Federal Social Security System ("OASI").

Public Employees' Retirement System

The Public Employees' Retirement System ("PERS") includes approximately sixty-one permanent employees. PERS is evaluated every year. Employee rates for contribution are normally determined by the rate applicable at the age of enrollment.

Police and Firemen's Retirement System

Approximately fourteen Police personnel are covered under the Police and Firemen's Retirement System ("PFRS").

Historical Summary of Retirement Benefit Payments

<u>System</u>	<u>2009(1)</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
PFRS	\$413,521	\$304,240	\$212,894	\$132,400	\$483,732
PERS	183,079	129,414	60,176	41,833	63,375
OASI	<u>260,000</u>	<u>249,898</u>	<u>258,134</u>	<u>249,695</u>	<u>239,332</u>
Sub Total	856,600	683,552	531,204	423,928	786,439
Water Utility:					
PERS	22,882	14,947	11,379	6,006	1,847
OASI	<u>25,100</u>	<u>27,186</u>	<u>26,904</u>	<u>23,823</u>	<u>28,179</u>
Total	<u>\$904,582</u>	<u>\$725,685</u>	<u>\$569,487</u>	<u>\$453,757</u>	<u>\$816,465</u>

(1) 2009 Adopted Budget.

Source: The Borough's audited financial statements.

PROPOSED 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 incurred is subject to approval by resolution of the Borough Council and must be included as part of each year's budget as finally adopted. The Borough's proposed Capital Improvement Program annual funding amount is summarized below.

Anticipated Budget Appropriations

<u>Project Title</u>	<u>Estimated Total Cost</u>	<u>Funding Sources and Amounts</u>			
		<u>Capital Improvement Fund</u>	<u>Grants in Aid and Other Funds</u>	<u>Debt Authorized</u>	<u>To be Funded in Future Years</u>
Various Capital Improvements	\$980,000	\$37,700	\$198,800	\$743,500	\$ -0-
Various Water Improvements and Acquisition of Equipment	659,950			659,950	
Total	<u>\$1,639,950</u>	<u>\$37,700</u>	<u>\$198,800</u>	<u>\$1,403,450</u>	<u>\$ -0-</u>

Source: The Borough's adopted 2009 Capital Budget.

NEW CONSTRUCTION

	<u>New Construction</u>		<u>Total Estimated Construction Cost</u>
<u>Year</u>	<u>Residential</u>	<u>Non-Residential</u>	
Building Permits Issued			
2009	291	54	\$ 8,151,588.00 (thru Oct.22,2009)
2008	385	72	\$10,706,227.00
2007	380	71	\$14,538,536.76
2006	418	85	\$21,773,591.78
2005	406	98	\$17,367,148.00

MAJOR REAL PROPERTY TAXPAYERS

<u>Taxpayer</u>	<u>2009 Assessed Valuation</u>
Allendale Nursing Home Inc.	\$15,296,900
Riggs & Co./MEPT/PTA #125	12,500,000
Allendale Plaza & Azarian Bldg.	12,028,600
Allendale Associates	11,082,100
Allendale Associates	7,750,000
Black Millwork Co. Inc.	6,849,500
Pearl Ct Investors LLC	6,657,500
Allendale Associates	6,579,800
Allendale Associates	4,772,700
Allendale Associates	4,414,200
	<u>\$87,931,300</u>

Percent of 2009 Assessed Valuation of all Real Property in Borough

6.73%

Source: The Borough's Tax Assessor and the 2009 Tax Duplicate.

To the best of the knowledge of the Borough's Tax Collector, none of the major taxpayers are delinquent in the payment of taxes levied.

NET ASSESSED AND EQUALIZED PROPERTY VALUATIONS

Real Property Net Assessed Valuation by Classification

<u>Classification</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Residential	\$1,128,523,700	\$1,123,463,200	\$1,120,804,400	\$1,111,588,700	\$1,105,020,600
Farm	1,608,100	1,608,100	968,100	968,100	968,100
Commercial	66,594,200	87,978,700	90,089,700	93,383,800	103,847,100
Industrial	83,003,300	61,598,800	63,135,200	63,135,200	60,671,900
Vacant	23,113,900	21,320,700	19,933,000	10,027,600	9,746,500
Public School	43,990,800	43,990,800	43,990,800	43,990,800	43,990,800
Public Property	33,034,300	32,738,600	30,287,500	30,287,500	30,287,500
Charitable	11,955,100	11,955,100	11,955,100	11,955,100	11,955,100
Misc.	<u>391,200</u>	<u>391,200</u>	<u>451,200</u>	<u>451,200</u>	<u>451,200</u>
	<u>\$1,392,214,600</u>	<u>\$1,385,045,200</u>	<u>\$1,381,615,000</u>	<u>\$1,365,788,000</u>	<u>\$1,366,938,800</u>

Trend of Net Assessed And Equalized Valuation

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net Taxable Assessed Valuation :					
Real Property	\$1,302,843,200	\$1,295,969,500	\$1,294,930,400	\$1,279,103,400	\$1,280,254,200
Personal Tangible Property	<u>2,778,770</u>	<u>2,585,232</u>	<u>2,589,283</u>	<u>2,684,455</u>	<u>3,013,977</u>
Total Assessed Valuation	<u>\$1,305,621,970</u>	<u>\$1,298,554,732</u>	<u>\$1,297,519,683</u>	<u>\$1,281,787,855</u>	<u>\$1,283,268,177</u>

Source: The Borough's Tax Assessor and the County Abstract of Rateables.

LEVY AND COLLECTION OF TAXES

The levy and collection of taxes are based upon a calendar year. The Borough is the political entity responsible for the levying and collection of taxes on all taxable real property within its borders, including the tax levies for the County, the Local School District and the Regional School District.

Property taxes are based on an assessor's valuation of real property and are levied for a calendar year. The taxes for Borough, Local School District, Regional School District and County purposes are combined into one tax levy, which is apportioned on the tax bill by rate and amount for taxpayer information only. Taxes levied for the purpose of the Local School District and the Regional School District cover the current calendar year. Turnover of tax monies by the Borough to a school district are based on school needs and are generally made on a periodic basis throughout the year. The Borough remits 100% of the County taxes, payable quarterly on the 15th days of February, May, August and November.

Tax bills for the second half of the current year's tax levy, and an estimate based on 50% of the levy for the first half of the following calendar year, are mailed annually in June and are due in quarterly installments on the first days of August, November, February and May. 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 are subject to tax sale as of July 1 following the year of levy, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to property.

The last all-inclusive tax sale of unpaid delinquent taxes and assessments was held by the Borough on August 22, 2008.

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

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

Tax Rate Apportionment (Per \$100 of Assessed Valuation)

<u>Year</u>	<u>Municipal*</u>	<u>County</u>	<u>Local School</u>	<u>Regional School</u>	<u>Total</u>
2009**	0.672	0.280	1.036	0.630	2.618
2008	0.656	0.265	1.015	0.610	2.546
2007	0.626	0.249	0.999	0.576	2.450
2006	0.600	0.230	0.974	0.556	2.360
2005	0.540	0.224	0.894	0.527	2.185

Source: The Borough's Audited Annual Financial Statement.

* Included Municipal Open Space

**Unaudited

Comparison of Tax Levies and Tax Levy Apportionments

<u>Year</u>	<u>Municipal**</u>	<u>County</u>	<u>Local School</u>	<u>Regional School</u>	<u>Total</u>
2009*	\$8,779,161	\$3,637,537	\$13,522,702	\$8,228,887	\$34,168,287
2008	8,646,360	3,432,648	13,181,578	7,927,537	33,188,123
2007	8,175,005	3,296,718	12,967,856	7,469,024	31,908,603
2006	7,736,460	2,991,246	12,490,473	7,126,046	30,344,225
2005	6,935,968	2,906,176	11,475,302	6,759,304	28,076,750

Source: The Borough's Audited Annual Financial Statement.

* Unaudited

**Includes Municipal Open Space

Tax Collection Experience

<u>Current Levy Collection</u>				<u>Delinquent Taxes Collected</u>	<u>Total Taxes Collected</u>	<u>Percent of Current Levy</u>
<u>Year</u>	<u>Tax Levy</u>	<u>Amount</u>	<u>Percent</u>			
2008	\$33,188,123	\$32,996,853	99.42%	\$498,590	\$33,495,443	100.92%
2007	31,908,603	31,394,966	98.39	210,618	31,605,584	99.05
2006	30,344,225	30,136,502	99.32	136,355	30,272,857	99.76
2005	28,076,750	27,909,261	99.40	107,877	28,017,138	99.79
2004	26,297,717	26,178,530	99.55	135,330	26,313,860	100.06

Source: The Borough's Audited Annual Financial Statement.

Delinquent Taxes and Tax Liens

<u>Year</u>	<u>Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percent of Current Tax Levy</u>
2008	\$181,560	\$54,728	\$236,288	.71%
2007	498,594	186,902	685,496	2.15
2006	210,789	177,731	388,520	1.28
2005	148,414	168,898	317,312	1.13
2004	107,883	160,738	268,621	1.02

Source: The Borough's Audited Annual Financial Statement.

Tax Title Liens

<u>Year</u>	<u>Balance January 1</u>	<u>Sales & Transfers</u>	<u>Balance December 31</u>
2008	\$186,902	(\$132,173)	\$54,729
2007	177,731	9,170	186,901
2006	168,898	8,833	177,731
2005	160,738	8,160	168,898
2004	153,065	7,673	160,738

Source: The Borough's Audited Annual Financial Statement.

Foreclosed Property

<u>Year</u>	<u>Amount</u>
2008	\$300,600
2007	4,900
2006	4,900
2005	4,900
2004	4,900

Source: The Borough's Audited Annual Financial Statement.

Municipal Purpose Tax Collection

<u>Year</u>	<u>Municipal Purpose Tax Levy</u>	<u>Current Municipal Tax Collection</u>	<u>Delinquent Municipal Tax Collection</u>	<u>Total Municipal Taxes Collected</u>	<u>Reserve for Uncollected Taxes</u>
2008	\$8,442,539	\$8,830,912	\$498,590	\$9,329,502	\$441,000
2007	7,952,133	8,027,249	210,618	8,237,867	431,000
2006	7,561,627	7,866,054	136,355	8,002,409	401,605
2005	6,839,740	7,139,857	107,877	7,247,734	371,378
2004	6,275,798	6,673,402	135,330	6,808,733	381,477

Source: The Borough's Audited Annual Financial Statement.

Current Fund Revenue Sources

<u>Year</u>	<u>Budget Requirement (1)</u>	<u>Revenue Surplus Appropriated</u>	<u>Miscellaneous Revenues (2)</u>	<u>Municipal Purpose Tax Levy (3)</u>	<u>Surplus</u>
2009(4)	\$12,189,557	\$937,661	\$2,328,548	\$8,923,348	\$ - -
2008	12,061,731	615,661	2,717,783	9,329,502	601,215
2007	11,609,498	834,000	2,782,063	8,237,867	244,432
2006	11,036,374	818,000	2,842,917	8,002,409	626,952
2005	10,353,214	900,000	2,832,800	7,247,734	627,320

- (1) Current year's budget increase is limited to an increase of the lesser of 2.50% or the Index Rate over the immediately preceding year's final appropriation after giving effect to ratable growth, specified exemptions and emergencies.
(2) Includes receipts from non-budget revenue.
(3) Includes receipts from delinquent taxes.
(4) 2009 Adopted Budget.

Source: The Borough's Audited Financial Statements.

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

<u>Year</u>	<u>Balance as of December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	
		<u>Amount</u>	<u>Percent</u>
2008	\$1,510,294	\$937,661	62.08%
2007	1,336,097	615,661	46.08
2006	1,773,240	834,000	47.03
2005	1,740,351	818,000	47.00
2004	1,903,730	900,000	47.28

Source: The Borough's audited financial statements.

DEBT INFORMATION

General Information

The State has enacted certain laws and statutes regulating the authorization and issuance of debt by tax levying local governmental units of the State. The statutory gross debt must include all debt authorized plus all debt issued which remains outstanding. Debt, bonds or notes, which has been refunded, and payment for which is made from escrowed U.S. Treasury securities or other permitted investments, is considered outstanding under State statutes until such outstanding debt has matured or has been called for redemption. However, any debt which is self-supporting or which is payable from other sources or debt issued for refunding purposes may be deducted from the statutory gross debt to arrive at the amount of net statutory debt to determine if a local governmental unit is within the limit of its statutory borrowing power. The debt incurring power is limited by State statute to 3.50% of the equalized valuation, determined annually by the State, of all taxable real property within a local governmental unit. The Borough's statutory net debt as of December 31, 2008 was .85%.

The following schedules set forth information on the amounts of debt authorized but unissued, debt issued and outstanding, the remaining borrowing capacity, and overlapping debt. The debt information and statistics noted on the following pages 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>Deductions</u>	<u>Net Debt</u>
School Purpose:			
Local School			
Bonds and Notes	\$9,365,000.00	\$9,365,000.00	
Debt Authorized But Unissued			
Regional School (1)			
Bonds	5,301,919.06	5,301,919.06	
Notes			
Net Debt for School Purpose			
Self-liquidating Purpose:			
Bonds and Loans	3,620,000.00	3,620,000.00	
Notes	338,202.00	338,202.00	
Municipal Purpose:			
Bonds	8,432,000.00		
Notes	5,494,063.00		
Authorized But Unissued	1,662,274.44		
Deductions			
Net Debt for Municipal Purposes			
Total Statutory Gross Debt	<u>34,213,458.50</u>	<u>14,400.00</u>	
Total Statutory Deductions		<u>18,639,521.06</u>	<u>15,573,937.44</u>
Total Net Statutory Debt			<u>15,573,937.44</u>

(1) The Borough's share (37.49039%) of \$14,142,075 bonds outstanding is derived by dividing the Borough's State equalized valuation by the Regional School District's total State equalized valuation.

STATUTORY BORROWING POWER
(As of December 31, 2008)

Statutory Equalized Valuation (1)	\$1,836,706,998
Statutory Borrowing Power(2)	64,284,745
Statutory Net Debt	<u>15,573,937</u>
Statutory Remaining Borrowing Power	<u>\$48,710,808</u>

Percentage of Statutory Net Debt to State's Equalized Valuation .85%

(1) Average of the immediately preceding three years (2008, 2007, 2006) as calculated by the State.

(2) 3.50% of the statutory equalized valuation.

Source: The Borough.

AUTHORIZED BUT UNISSUED DEBT
(As of December 31, 2008)

<u>Purpose</u>	<u>Amount</u>
Various Improvements	\$249,274
Acquisition of Real Property	<u>1,413,000</u>
	<u>\$1,662,274</u>

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

<u>Purpose</u>	<u>Original Amount Issued</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
Improvements to DeMercurio Dr.	\$129,500	3.00%	\$75,900
Various Improvements	1,658,341	3.00	1,089,061
Various Improvements	1,799,000	3.00	1,559,695
Various Improvements	337,000	3.00	289,407
Various Improvements	730,000	3.00	730,000
Acquisition of Real Property	<u>1,750,000</u>	3.00	<u>1,750,000</u>
	<u>\$6,403,841</u>		<u>\$5,494,063</u>

Source: The Borough.

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

	<u>Dated</u>	<u>Interest</u>	<u>Maturity</u>	<u>Amount</u>
General Serial Bonds	Jun. 1, 2005	3.75 to 3.85%	Jul. 1, 2020	\$4,875,000
General Serial Bonds	Sept. 1, 2000	4.60%	Sept. 1, 2010	\$382,000
General Serial Bonds	June 15, 2003	2.50 to 3.25%	July 15, 2016	<u>3,175,000</u>
				8,432,000
Water Utility Bonds of 2003	June 15, 2003	3.00 to 4.00%	July 15, 2023	<u>3,620,000</u>
				<u>\$12,052,000</u>

Source: The Borough.

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

	<u>Direct Debt</u>		<u>Direct & Overlapping Debt</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Direct Debt:				
Outstanding Debt:				
General Purpose				
Bonds	\$8,432,000.00	\$8,432,000.00	\$8,432,000.00	\$8,432,000.00
Notes	5,494,063.00	5,479,663.00	5,494,063.00	5,479,663.00
Authorized But Not Issued	1,662,274.44	1,662,274.44	1,662,274.44	1,662,274.44
Self-supporting:				
Water Utility:				
Bonds and Loans	3,958,202.00		3,958,202.00	
Overlapping Debt:				
Local School	9,365,000.00		9,365,000.00	
Regional High School (1)	5,301,919.06		5,301,919.06	5,301,916.06
Bergen County (2)	6,379,772.39		6,379,772.39	
Self-supporting:				
Northwest Bergen County Utilities Authority (3)			3,560,738.70	3,560,738.70
Total Direct Debt:				
Gross	<u>\$40,593,230.89</u>			
Net		<u>\$15,573,937.44</u>		
Total Direct & Overlapping Debt:				
Gross			<u>\$44,153,969.59</u>	
Net				<u>\$24,436,592.20</u>

- (1) Apportionment of total debt outstanding.
- (2) Bergen County has outstanding \$630,661,565 in gross debt as of December 31, 2008. The Borough's share (1.0116%) is obtained by dividing the Borough's 2009 equalized valuation by the County's total 2009 equalized valuation, both as derived by the County.
- (3) As of December 31, 2009, the Northwest Bergen County Utilities Authority had \$24,156,979 Revenue Bonds and Loans payable outstanding. The Borough's share of 14.74% is derived by taking the Borough's 2008 payment and dividing by the total payments to the Authority.

Source: The Borough and the overlapping entities.

DEBT RATIOS

	<u>Direct Debt</u>		<u>Direct & Overlapping Debt</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Per Capita (1)	\$6,060	\$2,325	\$6,591	\$3,648
Equalized Valuation (2)	2.21%	0.85%	2.40%	1.33%

(1) 6,699 estimated population

(2) \$1,836,706,998 (2008 Average Equalized Valuation)

APPENDIX B

BOROUGH OF ALLENDALE
SUMMARY OF
2009 ADOPTED BUDGET

**BOROUGH OF ALLENDALE
SUMMARY OF
2009 ADOPTED BUDGET**

Summary of General Revenues Anticipated:	
Surplus	\$937,661.00
Miscellaneous Revenues:	
Local Revenues	835,843.00
State Aid Without Offsetting Appropriations	1,234,305.00
Dedicated Uniform Construction Code Fees	
Offset With Appropriations	155,000.00
Special Items of General Revenue Anticipated	
With Prior Consent of Director of Local Government Services:	
Public and Private Revenues	22,395.87
Interlocal Municipal Service Agreements	69,004.00
Other Special Items	<u>12,000.00</u>
Total Miscellaneous Revenues	2,328,547.87
Delinquent Taxes Receipts	<u>209,468.00</u>
Sub-total General Revenues	3,475,676.87
Amount to be Raised for Support of Municipal Budget, Including Reserve for Uncollected Taxes	<u>8,713,880.00</u>
 Total General Revenues	 <u><u>\$12,189,556.87</u></u>
 Summary of General Appropriations:	
Within "CAPS":	
Operations:	
Salaries and Wages	\$3,792,508.00
Other Expenses	<u>3,214,330.00</u>
Sub-total	7,006,838.00
Deferred Charges, Statutory Expenditures and Judgments	<u>856,600.00</u>
Total Operations Within "CAPS"	<u><u>\$7,863,438.00</u></u>
Excluded from "CAPS":	
Operations:	
Salaries and Wages	57,114.00
Other Expenses	<u>2,445,700.87</u>
Sub-total	2,502,814.87
Capital Improvements	37,700.00
Municipal Debt Service	<u>1,355,604.00</u>
Total General Appropriations Excluded from "CAPS"	<u><u>3,896,118.87</u></u>
 Sub-total General Appropriations	 11,759,556.87
 Reserve for Uncollected Taxes	 <u>430,000.00</u>
 Total General Appropriations	 <u><u>\$12,189,556.87</u></u>

Source: The Borough's 2009 Adopted Budget.

APPENDIX C

**EXCERPTS FROM
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2008
AND
SELECTED FINANCIAL INFORMATION
FOR THE YEARS ENDED
DECEMBER 31, 2004-2008**

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INDEPENDENT AUDITOR'S REPORT

May 12, 2009

The Honorable Mayor and
Members of the Borough Council
Borough of Allendale
Allendale, New Jersey 07401

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

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

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



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

The Borough did not implement the requirements of Governmental Accounting Standards Board (GASB), Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. State of New Jersey Local Finance Notice 2007-15 also dictates that municipalities implement this GASB.

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

In accordance with Government Auditing Standards, we have also issued a report dated May 12, 2009 on our consideration of the Borough of Allendale, New Jersey internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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



Charles J. Ferraioli, Jr., C.P.A.
Registered Municipal Accountant
No. 388



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



Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	2,552,185.35	2,215,200.91
Change Fund	A-5	<u>400.00</u>	<u>400.00</u>
		<u>2,552,585.35</u>	<u>2,215,600.91</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	181,559.94	498,594.30
Property Acquired for Taxes -			
Assessed Valuation	A-9	300,600.00	4,900.00
Tax Title Liens	A-10	54,728.29	186,901.84
Revenue Accounts Receivable	A-11	106,983.51	31,481.24
Interfund Receivables:			
Other Trust Fund	A-12		134.87
General Capital Fund	A-12	1,274.17	
Animal Control Trust Fund	A-12	<u>3,957.15</u>	<u>415.35</u>
		<u>649,103.06</u>	<u>722,427.60</u>
		<u>3,201,688.41</u>	<u>2,938,028.51</u>
Federal and State Grant Fund:			
Grants Receivable	A-21	7,811.25	6,574.13
Interfund - Current Fund	A-24	<u>30,974.04</u>	<u>20,076.99</u>
		<u>38,785.29</u>	<u>26,651.12</u>
		<u>3,240,473.70</u>	<u>2,964,679.63</u>

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

Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-13	400,047.56	281,487.46
Due to State of New Jersey: Ch. 73, P.L.			
Senior Citizens and Veterans Deduction	A-7	3,124.51	2,374.51
Interfunds Payable:			
Federal and State Grant Fund	A-12	30,974.04	20,076.99
Other Trust Fund	A-12	214.67	
Payroll Fund	A-12		465.44
Encumbrances Payable	A-14	303,034.26	290,126.16
Accounts Payable	A-15	1,520.00	2,908.83
Prepaid Taxes	A-16	230,299.49	253,945.60
County Taxes Payable	A-19	13,190.84	
Tax Overpayments	A-20	40,067.48	14,773.58
Reserve for:			
Tax Appeals	A-20	19,818.81	13,345.27
		<u>1,042,291.66</u>	<u>879,503.84</u>
Reserve for Receivables	Contra	649,103.06	722,427.60
Fund Balance	A-1	<u>1,510,293.69</u>	<u>1,336,097.07</u>
		<u>3,201,688.41</u>	<u>2,938,028.51</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-22	28,655.56	17,648.74
Unappropriated Reserves for Grants	A-23	1,369.63	1,479.40
Interfund - Other Trust	A-24	8,760.10	7,522.98
		<u>38,785.29</u>	<u>26,651.12</u>
		<u>3,240,473.70</u>	<u>2,964,679.63</u>

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

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

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	615,661.00	834,000.00
Miscellaneous Revenue Anticipated	A-2	2,578,800.31	2,693,354.37
Receipts from Delinquent Taxes	A-2	498,590.20	210,618.10
Receipts from Current Taxes	A-2	32,996,852.71	31,394,966.14
Non-Budget Revenue	A-2	138,983.27	88,709.11
Other Credits to Income:			
Void Old Outstanding Checks			1,209.88
Statutory Excess in Animal Control Trust	A-12	3,957.15	415.35
Interfunds Returned	A-12	550.22	2,082.76
Unexpended Balance of Appropriation Reserves	A-13	185,851.88	135,901.42
Canceled Accounts Payable	A-15	2,198.60	13,351.62
Tax Overpayments Canceled	A-20	40.82	14.26
Total Revenues and Other Income		<u>37,021,486.16</u>	<u>35,374,623.01</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	3,883,762.00	3,729,943.83
Other Expenses	A-3	5,984,832.67	5,698,727.42
Capital Improvement Fund	A-3	37,500.00	19,000.00
Municipal Debt Service	A-3	1,311,635.68	1,343,826.93
Deferred Charges and Statutory Expenditures -			
Municipal	A-3	401,725.83	387,000.00
Interfund Advances	A-12	5,231.32	550.22
Municipal Open Space Tax	A-12	65,177.95	65,119.91
Local District School Tax	A-17	13,181,578.00	12,967,856.00
Regional High School Tax	A-18	7,927,536.78	7,469,023.52
County Taxes including Added Taxes	A-19	3,432,648.31	3,296,717.94
Total Expenditures		<u>36,231,628.54</u>	<u>34,977,765.77</u>

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

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Excess (Deficit) Revenue Over Expenditures		789,857.62	396,857.24
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year			
Statutory Excess to Fund Balance		789,857.62	396,857.24
Fund Balance, January 1,	A	<u>1,336,097.07</u>	<u>1,773,239.83</u>
		2,125,954.69	2,170,097.07
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>615,661.00</u>	<u>834,000.00</u>
Fund Balance, December 31,	A	<u><u>1,510,293.69</u></u>	<u><u>1,336,097.07</u></u>

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

Borough of Allendale, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	615,661.00	615,661.00	
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-11	14,640.00	14,400.00	(240.00)
Fees and Permits	A-2	70,000.00	66,508.86	(3,491.14)
Fines and Costs:				
Municipal Court	A-11	47,000.00	50,719.72	3,719.72
Interest and Costs on Taxes	A-4	55,000.00	100,720.93	45,720.93
Interest on Investments and Deposits	A-11	225,000.00	82,885.82	(142,114.18)
Dues & Fees - Crestwood Lake	A-11	190,000.00	237,749.00	47,749.00
Ramsey Sewer Charges	A-11	151,405.00	151,404.50	(0.50)
Allendale Elementary School Contribution to Sewer Use	A-11	16,760.00	16,760.00	
Northern Highlands Reg. H.S. Contribution to Sewer Use	A-11	27,819.00	27,819.00	
Garbage Collection	A-11	2,032.00	2,032.00	
Saddle River Sewer Payment	A-11	40,000.00	46,463.24	6,463.24
Energy Receipts Tax	A-11	1,143,163.00	1,143,163.00	
Supplemental Energy Receipts Taxes	A-11	142,571.00	142,571.00	
Uniform Construction Code Fees	A-11	169,000.00	157,485.00	(11,515.00)
Special Items of General Revenue Anticipated				
With Prior written Consent of Director of				
Local Government Services:				
Public and Private Revenues:				
Recycling Grant	A-21	7,464.80	7,464.80	
Clean Communities Program	A-21	7,810.97	7,810.97	
Municipal Alliance on Alcoholism and Drug Abuse	A-21	11,500.00	11,500.00	
Body Armor Replacement Fund	A-21	1,479.00	1,479.00	
Drunk Driving Enforcement Fund	A-21	12,684.90	12,684.90	
Other Special Items:				
General Capital Surplus	A-11	103,500.00	103,500.00	
Cable T.V.	A-11	19,760.00	27,025.03	7,265.03
Interlocal - Boro of Midland Park Construction Off.	A-11	55,374.00	55,373.92	(0.08)
Interlocal - Boro of Midland Park Electric Inspect.	A-11	12,449.00	12,448.99	(0.01)
Cellular Tower Lease	A-11	94,345.00	85,763.19	(8,581.81)
Uniform Fire Safety Act	A-11	11,000.00	13,067.44	2,067.44
Total Miscellaneous Revenues	A-1	2,631,757.67	2,578,800.31	(52,957.36)
Receipts from Delinquent Taxes	A-1/A-2	371,773.00	498,590.20	126,817.20
Subtotal General Revenues		3,619,191.67	3,693,051.51	73,859.84

Borough of Allendale, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	A-2/A-8	<u>8,442,539.00</u>	<u>8,830,911.67</u>	<u>388,372.67</u>
Budget Totals		12,061,730.67	12,523,963.18	462,232.51
Non-Budget Revenue	A-1/A-2	<u> </u>	<u>138,983.27</u>	<u>138,983.27</u>
		<u>12,061,730.67</u>	<u>12,662,946.45</u>	<u>601,215.78</u>
Adopted Budget	A-3	12,053,396.10		
Appropriated by N.J.S. 40A:4-87	A-3	<u>8,334.57</u>		
		<u>12,061,730.67</u>		

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

Borough of Allendale, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2008

Analysis of Realized Revenues

	<u>Ref.</u>	
Revenue from Collections	A-1/A-8	32,996,852.71
Allocated to School and County Taxes	A-8	<u>24,606,941.04</u>
Balance for Support of Municipal Budget Appropriations		8,389,911.67
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>441,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>8,830,911.67</u></u>
Receipts from Delinquent Taxes:		
Delinquent Taxes	A-2,A-8	<u><u>498,590.20</u></u>
Fees and Permits - Other:		
Clerk	A-11	25,330.00
Parking	A-11	32,037.86
Tax Searches	A-11	805.00
Planning Board	A-11	2,100.00
Board of Adjustment	A-11	2,025.00
Board of Health	A-11	<u>4,211.00</u>
	A-2	<u><u>66,508.86</u></u>

Analysis of Non-budget Revenues

	<u>Ref.</u>	
Miscellaneous Revenues Not Anticipated:		
Sale of Assets		5,355.00
Tennis Badges		1,100.00
Sewer Charges		8,498.28
Senior Citizens Ground Lease		10,000.00
Administration Fees		1,155.00
Insurance Dividend		7,368.43
Police Department Fees		1,977.58
Duplicate Tax Bills		231.00
DMV Inspections		3,350.00
Maps & Codes		398.00
Address Lists		570.00
Raffles		580.00
Miscellaneous Refunds & Reimbursements		79,637.80
F.E.M.A. Reimbursement		9,981.15
Alarm Registration		6,315.00
Interest and Costs on Assessments		<u>2,466.03</u>
	A-2, A-4	<u><u>138,983.27</u></u>

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

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Operations - within "CAPS"							
Administrative and Executive							
Salaries and Wages			244,277.00	244,277.00	236,660.00	7,617.00	
Other Expenses			72,650.00	77,650.00	77,217.94	432.06	
Financial Administration							
Other Expenses			31,000.00	31,000.00	27,358.75	3,641.25	
Annual Audit							
Collection of Taxes							
Salaries and Wages			213,224.00	213,224.00	198,285.84	14,938.16	
Other Expenses			25,500.00	25,500.00	25,012.42	487.58	
Assessment of Taxes							
Salaries and Wages			36,556.00	36,556.00	34,329.97	2,226.03	
Other Expenses			3,150.00	3,150.00	3,045.44	104.56	
Legal Services and Costs							
Other Expenses			181,600.00	181,600.00	157,921.84	23,678.16	
Engineering Services and Costs							
Other Expenses			89,600.00	89,600.00	89,598.59	1.41	
Insurance:							
Other Insurance - Premiums			145,415.00	145,415.00	122,116.55	23,298.45	
Workers' Compensation Insurance			139,367.00	139,367.00	139,366.75	0.25	
Employee Group Insurance			845,064.00	845,064.00	809,303.98	35,760.02	
Unemployment Insurance			15,000.00	23,000.00	20,000.00	3,000.00	
Public Safety:							
Police							
Salaries and Wages			2,127,630.00	2,145,930.00	2,093,264.80	52,665.20	
Other Expenses			75,000.00	75,000.00	72,337.68	2,662.32	
Purchase of Police Cars			31,500.00	31,500.00	24,256.00	7,244.00	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund					
Year Ended December 31, 2008					
<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Unexpended Balance Cancelled</u>
Emergency Management Services					
Other Expenses		5,500.00	5,500.00	1,376.00	4,124.00
First Aid Squad Contribution		25,000.00	25,000.00	25,000.00	
Fire					
Other Expenses		50,550.00	50,550.00	50,542.76	7.24
Purchase of Equipment		20,500.00	20,500.00	20,500.00	
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Fire Official					
Salaries and Wages		10,219.00	10,219.00	7,478.16	2,740.84
Other Expenses		2,500.00	2,500.00	1,382.65	1,117.35
Municipal Prosecutor					
Salaries and Wages		4,278.00	4,278.00	4,277.52	0.48
Municipal Court					
Salaries and Wages		11,096.00	11,096.00	11,095.76	0.24
Other Expenses		2,000.00	2,000.00	555.00	1,445.00
Public Defender					
Salaries and Wages		1,897.00	1,897.00	1,896.96	0.04
Public Works:					
Road Repairs and Maintenance					
Salaries and Wages		914,621.00	914,621.00	861,720.48	52,900.52
Other Expenses		76,000.00	76,000.00	63,629.65	12,370.35
Shade Tree Commission					
Other Expenses		25,000.00	20,000.00	14,795.45	5,204.55
Snow Removal					
Other Expenses		74,000.00	69,000.00	66,740.86	2,259.14

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Sewer System						
Salaries and Wages		14,476.00	3,136.00	432.92	2,703.08	
Other Expenses		17,300.00	10,340.00	10,340.00		
Garbage and Trash Removal						
Other Expenses		603,000.00	603,000.00	600,704.61	2,295.39	
Recycling						
Other Expenses		35,000.00	35,000.00	34,998.78	1.22	
Public Buildings and Grounds						
Other Expenses		100,000.00	100,000.00	87,429.71	12,570.29	
Repairs to Buildings and Grounds		20,000.00	20,000.00	18,530.68	1,469.32	
Health and Welfare:						
Board of Health						
Salaries and Wages		40,299.00	40,299.00	39,688.48	610.52	
Other Expenses		26,133.00	26,133.00	25,229.35	903.65	
Aid to Health Care Facilities (N.J.S.A. 44:5-2)						
Other Expenses		5,500.00	5,500.00	5,500.00		
Senior Citizens						
Other Expenses		5,000.00	5,000.00	1,493.00	3,507.00	
Animal Control						
Other Expenses		9,000.00	9,000.00	9,000.00		
Parks and Recreation						
Parks and Playgrounds						
Other Expenses		30,000.00	20,000.00	18,819.03	1,180.97	
Crestwood Lake Public Swimming and Recreation Facility						
Salaries and Wages		113,882.00	113,882.00	112,183.44	1,698.56	
Other Expenses		70,000.00	65,000.00	53,188.46	11,811.54	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Code Enforcement and Administration:						
Construction Code Official						
Salaries and Wages - Construction Official		31,863.00	31,863.00	31,863.00		
Salaries and Wages - Control Person		14,572.00	14,572.00	14,571.82	0.18	
Salaries and Wages - Construction Clerk		19,500.00	19,500.00	17,118.75	2,381.25	
Other Expenses		4,000.00	4,000.00	3,967.09	32.91	
Elevator Inspector						
Other Expenses		1,400.00	1,400.00	292.00	1,108.00	
Plumbing Inspector						
Salaries and Wages		3,983.00	3,983.00	3,922.72	60.28	
Electrical Inspector						
Salaries and Wages		11,437.00	11,437.00	11,437.00		
Fire Subcode Official						
Salaries and Wages		1,594.00	1,594.00	1,568.94	25.06	
Zoning Officer/Property Maint.						
Salaries and Wages		13,475.00	13,475.00	13,198.40	276.60	
Unclassified:						
Radio Equipment Maintenance - All Departments		7,350.00	7,350.00	4,637.84	2,712.16	
Gasoline		128,225.00	130,225.00	127,110.02	3,114.98	
Utilities		244,900.00	254,900.00	253,086.73	1,813.27	
Contingent		20,000.00	20,000.00	4,732.62	15,267.38	
Total Operations within "CAPS"		7,091,583.00	7,091,583.00	6,766,113.19	325,469.81	
Detail:						
Salaries and Wages	A-1	3,828,879.00	3,835,839.00	3,694,994.96	140,844.04	
Other Expenses	A-1	3,262,704.00	3,255,744.00	3,071,118.23	184,625.77	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)		298,000.00	298,000.00	249,898.01	48,101.99	
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	298,000.00	298,000.00	249,898.01	48,101.99	
Total General Appropriations for Municipal Purposes within "CAPS"		7,389,583.00	7,389,583.00	7,016,011.20	373,571.80	
Operations - Excluded from "CAPS"						
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)		614,952.00	614,952.00	614,952.00		
Police and Firemen's Retirement System of NJ		304,240.00	304,240.00	304,240.00		
Public Employees' Retirement System		129,414.00	129,414.00	129,413.60	0.40	
Reserve for Tax Appeals		25,000.00	25,000.00	25,000.00		
Northwest Bergen County Sewerage Authority Share of Costs Share of Costs		1,545,768.00	1,545,768.00	1,545,768.00		
Interlocal Municipal Service Agreements						
Borough of Waldwick - Well-Baby Other Expenses		1,000.00	1,000.00	1,000.00		
Borough of Hohokus - Municipal Court Other Expenses		40,000.00	40,000.00	40,000.00		

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Borough of Midland Park - Construction Official						
Salaries and Wages		31,863.00	31,863.00	30,897.54	965.46	
Other Expenses		23,511.00	23,511.00		23,511.00	
Borough of Midland Park - Electric Inspector						
Salaries and Wages		11,060.00	11,060.00	11,060.00		
Other Expenses		1,389.00	1,389.00		1,389.00	
Borough of Mahwah - 911 Dispatching						
Other Expenses		5,000.00	5,000.00	4,390.10	609.90	
Public and Private Programs Offset by Revenues						
Clean Communities Program						
Salaries and Wages		5,000.00	5,000.00	5,000.00		
Other Expenses		2,810.97	2,810.97	2,810.97		
Municipal Alliance on Alcoholism and Drug Abuse						
County Share		11,500.00	11,500.00	11,500.00		
Local Share		2,875.00	2,875.00	2,875.00		
Recycling Grant		7,464.80	7,464.80	7,464.80		
Drunk Driving Enforcement Fund		12,684.90	12,684.90	12,684.90		
Body Armor Replacement Fund		1,479.00	1,479.00	1,479.00		
Total Operations - Excluded from "CAPS"		<u>2,777,011.67</u>	<u>2,777,011.67</u>	<u>2,750,535.91</u>	<u>26,475.76</u>	
Detail:						
Salaries & Wages	A-1	47,923.00	47,923.00	46,957.54	965.46	
Other Expenses	A-1	<u>2,729,088.67</u>	<u>2,729,088.67</u>	<u>2,703,578.37</u>	<u>25,510.30</u>	

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
Capital Improvements:						
Capital Improvement Fund		37,500.00	37,500.00	37,500.00		
Total Capital Improvements Excluded from "CAPS"	A-1	37,500.00	37,500.00	37,500.00		
Municipal Debt Service:						
Payment of Bond Principal		650,000.00	650,000.00	650,000.00		
Payment of Bond Anticipation Notes		205,062.00	205,062.00	205,062.00		
Interest on Bonds		323,647.00	323,647.00	323,647.00		
Interest on Notes		132,927.00	132,927.00	132,926.68		0.32
Total Municipal Debt Service-Excluded from "CAPS"	A-1	1,311,636.00	1,311,636.00	1,311,635.68		0.32
Deferred Charges:						
Deferred Charges to Future Taxation:						
Refunding Bond Ord. Tax Appeals		105,000.00	105,000.00	103,725.83		1,274.17
Total Deferred Charges - Municipal - Excluded from "CAPS"	A-1	105,000.00	105,000.00	103,725.83		1,274.17
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		4,231,147.67	4,231,147.67	4,203,397.42	26,475.76	1,274.49

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2008

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Cancelled</u>
<u>General Appropriations</u>						
Subtotal General Appropriations		<u>11,620,730.67</u>	<u>11,620,730.67</u>	<u>11,219,408.62</u>	<u>400,047.56</u>	<u>1,274.49</u>
Reserve for Uncollected Taxes		<u>441,000.00</u>	<u>441,000.00</u>	<u>441,000.00</u>		
Total General Appropriations		<u>12,061,730.67</u>	<u>12,061,730.67</u>	<u>11,660,408.62</u>	<u>400,047.56</u>	<u>1,274.49</u>
			<u>A-2</u>		<u>A</u>	
Adopted Budget	A-2		12,053,396.10			
Appropriated by (N.J.S. 40A:4-87)	A-2		<u>8,334.57</u>			
			<u>12,061,730.67</u>			
<u>Analysis of Paid or Charged</u>						
Reserve for Uncollected Taxes	A-2			441,000.00		
Cash Disbursed	A-4			10,850,434.69		
Encumbrances Payable	A-14			303,034.26		
Reserve for Tax Appeals	A-20			25,000.00		
Reserve for Federal and State Grants	A-22			<u>40,939.67</u>		
				<u>11,660,408.62</u>		

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

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Assessment Trust Fund			
Cash	B-1	14,400.00	14,400.00
Assessments Receivable	B-5	68,000.00	81,600.00
		<u>82,400.00</u>	<u>96,000.00</u>
Animal Control Trust Fund:			
Cash	B-1	10,638.55	7,307.35
		<u>10,638.55</u>	<u>7,307.35</u>
Other Trust Funds:			
Cash	B-1	1,756,808.99	1,216,980.90
Interfund - Federal and State Grant Fund	B-9	8,760.10	7,522.98
Interfund - Current Fund	B-11	214.67	
		<u>1,765,783.76</u>	<u>1,224,503.88</u>
Payroll Fund			
Cash	B-15	872.35	231.19
Interfund - Current Fund	B-11		465.44
		<u>872.35</u>	<u>696.63</u>
		<u>1,859,694.66</u>	<u>1,328,507.86</u>

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

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Assessment Trust Fund			
Bond Anticipation Notes	B-10	75,900.00	89,500.00
Reserve for Assessment & Liens	B-14	<u>6,500.00</u>	<u>6,500.00</u>
		<u>82,400.00</u>	<u>96,000.00</u>
Animal Control Trust Fund:			
Reserve for Dog Fund Expenditures	B-6	6,125.00	6,811.00
Prepaid Licenses	B-8	556.40	81.00
Interfund - Current Fund	B-11	<u>3,957.15</u>	<u>415.35</u>
		<u>10,638.55</u>	<u>7,307.35</u>
Other Trust Fund:			
Interfund - Current Fund	B-11		134.87
Reserve for Open Space	B-12	180,335.21	131,832.65
Due to State of N.J.			
Marriage License Surcharge	B-13	75.00	125.00
Building Surcharge	B-13	1,137.00	2,403.00
Sales Tax Payable	B-13	64.37	86.45
Various Reserves	B-13	<u>1,584,172.18</u>	<u>1,089,921.91</u>
		<u>1,765,783.76</u>	<u>1,224,503.88</u>
Payroll Fund			
Payroll Deductions Payable	B-15	<u>872.35</u>	<u>696.63</u>
		<u>1,859,694.66</u>	<u>1,328,507.86</u>

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

Borough of Allendale , N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Cash	C-2/C-3	1,255,557.01	1,778,114.55
Various Receivables	C-4	500,263.80	760,486.94
Deferred Charges to Future Taxation:			
Funded	C-5	8,432,000.00	9,082,000.00
Unfunded	C-6	7,080,437.44	7,473,551.00
		<u>17,268,258.25</u>	<u>19,094,152.49</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-7	8,432,000.00	9,082,000.00
Bond Anticipation Notes	C-8	5,418,163.00	4,534,620.00
Improvement Authorizations:			
Funded	C-9	402,954.61	957,543.92
Unfunded	C-9	1,449,313.90	1,894,518.00
Capital Improvement Fund	C-10	3,111.98	3,111.98
Reserve for:			
Orchard Commons	C-11	115,741.52	
Capital Projects	C-11		18,578.03
Contracts Payable	C-12	1,250,000.00	2,500,000.00
Interfund - Current Fund	C-13	1,274.17	
Fund Balance	C-1	195,699.07	103,780.56
		<u>17,268,258.25</u>	<u>19,094,152.49</u>

Footnote: There was Authorized but not Issued Debt at December 31, 2008 of \$1,662,274.44
per Exhibit C-14.

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

Borough of Allendale , N.J.

Statement of Fund Balance - Regulatory Basis

Year Ended December 31, 2008

	<u>Ref.</u>		
Balance - December 31, 2007	C		103,780.56
Increased by:			
Premium on Sale of Bond Anticipation Notes	C-2	28,212.68	
Funded Improvement Authorizations Canceled	C-9	<u>252,205.83</u>	
			<u>280,418.51</u>
			384,199.07
Decreased by:			
Anticipated as 2008 Revenue	C-2	103,500.00	
Appropriated to Finance Improvement Auth.	C-9	<u>85,000.00</u>	
			<u>188,500.00</u>
Balance - December 31, 2008	C/C-3		<u><u>195,699.07</u></u>

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

Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Assets</u>	<u>Ref</u>	<u>2008</u>	<u>2007</u>
Operating Fund:				
Cash		D-5	592,554.68	627,138.82
Change Fund		D-6	120.00	120.00
			<u>592,674.68</u>	<u>627,258.82</u>
Receivables with Full Reserves:				
Consumers Account Receivable		D-9	306,172.03	486,551.73
			<u>306,172.03</u>	<u>486,551.73</u>
Total Operating Fund			<u>898,846.71</u>	<u>1,113,810.55</u>
Capital Fund:				
Cash		D-5/D-8	172,222.91	1,003,258.36
Fixed Capital		D-10	6,769,171.21	4,217,230.63
Fixed Capital Authorized and Uncompleted		D-11	577,763.53	3,284,736.60
Interfund - Water Operating		D-23	0.17	
Total Capital Fund			<u>7,519,157.82</u>	<u>8,505,225.59</u>
Total Assets			<u>8,418,004.53</u>	<u>9,619,036.14</u>

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

Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2008</u>	<u>2007</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve	D-4/D-12	253,559.96	281,887.09
Encumbrances Payable	D-13	11,654.61	22,000.00
Meter Deposits	D-14	15,400.00	15,400.00
Accrued Interest on Bonds and Notes	D-15	73,245.04	73,081.73
Interfund - Water Capital	D-16	0.17	
		<u>353,859.78</u>	<u>392,368.82</u>
Reserve for Receivables	Contra	306,172.03	486,551.73
Fund Balance	D-1	<u>238,814.90</u>	<u>234,890.00</u>
Total Operating Fund		<u>898,846.71</u>	<u>1,113,810.55</u>
Capital Fund:			
Bond Anticipation Notes	D-17	338,202.00	728,991.00
Water Serial Bonds Payable	D-18	3,620,000.00	3,745,000.00
Improvement Authorizations:			
Funded	D-19	51,561.84	191,742.15
Unfunded	D-19	61,681.34	464,333.27
Capital Improvement Fund	D-20	3.13	3.13
Reserve for Amortization	D-21	2,885,466.74	2,797,279.35
Reserve for Deferred Amortization	D-22	503,266.00	294,959.00
Fund Balance	D-2	<u>58,976.77</u>	<u>282,917.69</u>
Total Capital Fund		<u>7,519,157.82</u>	<u>8,505,225.59</u>
Total Liabilities, Reserves and Fund Balances		<u><u>8,418,004.53</u></u>	<u><u>9,619,036.14</u></u>

The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

There was no Authorized but not Issued Debt
on December 31, 2008

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

Borough of Allendale, N.J.

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

Water Utility Operating Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Revenue and Other Income Realized:			
Surplus Anticipated	D-3	135,000.00	225,000.00
Rents	D-3	1,263,998.00	1,237,919.00
Miscellaneous	D-3	48,987.69	91,094.26
Additional Rents	D-3	70,372.22	26,079.36
Water Capital Fund Surplus	D-3	282,917.00	100,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	D-12	<u>150,926.99</u>	<u>64,719.08</u>
Total Income		<u>1,952,201.90</u>	<u>1,744,811.70</u>
Expenditures:			
Operating	D-4	1,194,256.00	1,175,042.00
Capital Improvements	D-4	160,000.00	194,000.00
Debt Service	D-4	415,571.00	278,497.00
Deferred Charges and Statutory Expenditures	D-4	<u>43,450.00</u>	<u>42,379.00</u>
Total Expenditures		<u>1,813,277.00</u>	<u>1,689,918.00</u>
Excess in Revenue over Expenditures		138,924.90	54,893.70
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years		<u> </u>	<u> </u>
Statutory Excess to Surplus		138,924.90	54,893.70
Fund Balance - January 1,	D	<u>234,890.00</u>	<u>404,996.30</u>
		373,814.90	459,890.00
Decreased by:			
Utilized as Anticipated Revenue		<u>135,000.00</u>	<u>225,000.00</u>
Fund Balance - December 31,	D	<u><u>238,814.90</u></u>	<u><u>234,890.00</u></u>

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

Borough of Allendale, N.J.

Statement of Fund Balance - Regulatory Basis

Water Utility Capital Fund

Year Ended December 31, 2008

	<u>Ref.</u>		
Balance - December 31, 2007	D		282,917.69
Increased by:			
Premium on Sale of Bond Anticipation Notes	D-5	2,526.78	
Canceled Funded Improvement Authorizations	D-19	<u>136,449.30</u>	
			<u>138,976.08</u>
			421,893.77
Decreased by:			
Appropriated to 2008 Budget Reveune	D-5	282,917.00	
Appropriated to Finance Improvement Auth.	D-22	<u>80,000.00</u>	
			<u>362,917.00</u>
Balance - December 31, 2008	D/D-8		<u><u>58,976.77</u></u>

Exhibit D-3

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2008

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Operating Surplus Anticipated	D-1	135,000.00	135,000.00	
Rents	D-1/D-9	1,263,998.00	1,263,998.00	
Miscellaneous	D-1	50,000.00	48,987.69	(1,012.31)
Additional Water Rents	D-1/D-9	81,362.00	70,372.22	(10,989.78)
Water Capital Surplus	D-1/D-5	282,917.00	282,917.00	
Budget Totals	D-4	<u><u>1,813,277.00</u></u>	<u><u>1,801,274.91</u></u>	<u><u>(12,002.09)</u></u>
<u>Analysis Realized Revenues</u>				
Miscellaneous:				
Interest on Investments	D-5		25,445.98	
Installations/Miscellaneous	D-9		<u>23,541.71</u>	
			<u><u>48,987.69</u></u>	

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

Borough of Allendale, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year Ended December 31, 2008

	Ref.	Budget	Appropriated Budget	Budget After Modification	Expended Paid or Charged	Reserved	Unexpended Balance Cancelled
Operating:							
Salaries and Wages		366,956.00	366,956.00	366,956.00	353,506.03	13,449.97	
Other Expenses		487,300.00	531,300.00	531,300.00	477,567.14	53,732.86	
Purchase of Water		340,000.00	296,000.00	296,000.00	270,939.91	25,060.09	
Total Operating	D-1	1,194,256.00	1,194,256.00	1,194,256.00	1,102,013.08	92,242.92	
Capital Improvements:							
Capital Outlay		160,000.00	160,000.00	160,000.00		160,000.00	
Total Capital Improvements	D-1	160,000.00	160,000.00	160,000.00		160,000.00	
Debt Service:							
Payment of Bond Principal		125,000.00	125,000.00	125,000.00	125,000.00		
Payment of Bond Anticipation and Capital Notes		128,307.00	128,307.00	128,307.00	128,307.00		
Interest on Bonds		135,363.00	135,363.00	135,363.00	135,363.00		
Interest on Notes		26,901.00	26,901.00	26,901.00	26,901.00		
Total Debt Service	D-1	415,571.00	415,571.00	415,571.00	415,571.00		
Deferred Charges and Statutory Expenditures:							
Statutory Expenditures:							
Contribution to:							
Public Employees' Retirement System		14,950.00	14,950.00	14,950.00	14,947.00	3.00	
Social Security System (O.A.S.I.)		28,500.00	28,500.00	28,500.00	27,185.96	1,314.04	
Total Deferred Charges and Statutory Expenditures	D-1	43,450.00	43,450.00	43,450.00	42,132.96	1,317.04	
		1,813,277.00	1,813,277.00	1,813,277.00	1,559,717.04	253,559.96	D-1
			D-3			D	
Cash Disbursed	D-5				1,385,798.43		
Encumbrances	D-13				11,654.61		
Interest on Bonds and Notes	D-15				162,264.00		
					1,559,717.04		

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

Borough of Allendale, N.J.

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

December 31,

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Cash - Public Assistance	E-1	<u>3,555.00</u>	<u>3,555.00</u>
		<u>3,555.00</u>	<u>3,555.00</u>
<u>Liabilities</u>			
Reserve for Public Assistance		<u>3,555.00</u>	<u>3,555.00</u>
		<u>3,555.00</u>	<u>3,555.00</u>

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

Exhibit F**Borough of Allendale, N.J.****Comparative Balance Sheet - Regulatory Basis****Bond and Interest Fund****December 31,**

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Cash	F-1	<u>795.00</u>	<u>795.00</u>
<u>Liabilities</u>			
Bond and Interest Payable	F-2	<u>795.00</u>	<u>795.00</u>

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

Borough of Allendale, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	<u>2008</u>	<u>2007</u>
<u>General Fixed Assets:</u>		
Land	26,187,001.96	26,187,001.96
Buildings	5,642,246.30	5,642,246.30
Improvements Other Than Buildings	238,787.90	238,787.90
Machinery and Equipment	<u>6,353,808.33</u>	<u>5,809,191.44</u>
	<u>38,421,844.49</u>	<u>37,877,227.60</u>
Investment in Fixed Assets	<u>38,421,844.49</u>	<u>37,877,227.60</u>

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

BOROUGH OF ALLENDALE, N.J.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the Free Public Library, Volunteer Fire Department and the First Aid Squad which are considered component units under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

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

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

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

The Borough has the following funds and account groups:

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

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

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

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

Payroll Fund - Receipts and disbursements of payroll withholdings that the Borough collects on behalf of various agencies as their agents.

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

Water Operating and Water Capital Funds - Account for the operations and acquisition of capital facilities of the municipality-owned water utility.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. Effective January 1, 2002, the Borough transferred administration of the General Assistance Program to the Bergen County Board of Social Services. The funds remaining in the Public Assistance Fund are to be used to assist certain residents who do not qualify for the general assistance program.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

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

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

Bond and Interest Fund - Receipts and disbursements of funds for payment of interest and principal on outstanding debt.

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

Basis of Accounting

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

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

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

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

Basis of Accounting, (continued)

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

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

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures for the current fund and water operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

General Capital Fund
Public Assistance Fund

Trust Fund
Water Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2008, the Borough Council increased the original current fund budget by \$8,334.57. The increase was funded by \$8,334.57 of additional aid allotted the Borough. In addition, several budget transfers were approved by the governing body.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

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

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

Basis of Accounting, (continued)

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

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

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

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

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

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

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

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

Basis of Accounting, (continued)

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

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

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

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

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

Basis of Accounting, (continued)

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

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

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

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

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

C. Basic Financial Statements

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2008, \$-0- of the Borough's bank balance of \$7,725,749.79 was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

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

Concentration of Credit Risk

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 3. MUNICIPAL DEBT

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

	Balance Dec. 31, 2007	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
General Obligation Debt	\$9,082,000.00	\$	\$650,000.00	\$8,432,000.00	\$700,000.00
Water Utility	<u>3,745,000.00</u>	<u> </u>	<u>125,000.00</u>	<u>3,620,000.00</u>	<u>150,000.00</u>
	<u>\$12,827,000.00</u>	<u>\$0.00</u>	<u>\$775,000.00</u>	<u>\$12,052,000.00</u>	<u>\$850,000.00</u>

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

The Borough's debt is summarized as follows:

SUMMARY OF MUNICIPAL DEBT

	Year 2008	Year 2007	Year 2006
<u>Issued</u>			
General Bonds and Notes	\$13,850,163.00	\$13,616,620.00	\$13,137,060.00
Assessment Bonds and Notes	75,900.00	89,500.00	129,500.00
Water Utility - Bonds and Notes	<u>3,958,202.00</u>	<u>4,473,991.00</u>	<u>4,408,000.00</u>
Total Issued	17,884,265.00	18,180,111.00	17,674,560.00
Less: Funds Temporarily Held to Pay			
Bonds and Notes:			
Trust Assessment Cash	<u>14,400.00</u>	<u>14,400.00</u>	<u>40,800.00</u>
Net Debt Issued	<u>17,869,865.00</u>	<u>18,165,711.00</u>	<u>17,633,760.00</u>
<u>Authorized But Not Issued</u>			
General Bonds and Notes	1,662,274.44	3,016,000.00	454,866.00
Water Utility - Bonds and Notes	<u> </u>	<u> </u>	<u>450.00</u>
Total Authorized But Not Issued	<u>1,662,274.44</u>	<u>3,016,000.00</u>	<u>455,316.00</u>
Net Bonds and Notes Issued and			
Authorized But Not Issued	<u>\$19,532,139.44</u>	<u>\$21,181,711.00</u>	<u>\$18,089,076.00</u>

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENTS

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 .85%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$9,365,000.00	\$9,365,000.00	\$0.00
Regional School District Debt	5,301,919.06	5,301,919.06	0.00
Water Utility Debt	3,958,202.00	3,958,202.00	0.00
General Debt	<u>15,588,337.44</u>	<u>14,400.00</u>	<u>15,573,937.44</u>
	<u>\$34,213,458.50</u>	<u>\$18,639,521.06</u>	<u>\$15,573,937.44</u>

Net Debt \$15,573,937.44 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$1,836,706,998.33 equals .85%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$64,284,744.94
Net Debt	<u>15,573,937.44</u>
Remaining Borrowing Power	<u>\$48,710,807.50</u>

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	\$1,801,274.91
Deductions:	
Operating and Maintenance Cost	\$1,237,706.00
Debt Service per Water Account	<u>415,571.00</u>
Total Deductions	<u>1,653,277.00</u>
Excess in Revenue - Self-Liquidating	<u>\$147,997.91</u>

Footnote:

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

The foregoing debt information is in agreement with the annual debt statement filed by the Chief Financial Officer.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

	<u>Debt Outstanding</u>
Paid by Current Fund:	
General Serial Bonds - General Improvement Bonds of 2005 with variable interest rates of 3.75% to 3.85% issued June 1, 2005, due through July 1, 2020	\$4,875,000.00
General Serial Bonds - General Improvement Bonds of 2003 with variable interest rates of 2.50% to 3.25% issued June 15, 2002, due through July 15, 2016	3,175,000.00
General Serial Bonds - General Improvement Bonds of 2000 with an interest rate of 4.60% issued September 1, 2000, due through September 1, 2010	<u>382,000.00</u> 8,432,000.00
Paid by Water Utility Operating Fund:	
Water Serial Bonds - Water Utility Bonds of 2003 with variable interest rates of 3.00% to 4.00% issued June 15, 2003, due through July 15, 2023	<u>3,620,000.00</u> <u>\$12,052,000.00</u>

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

In addition to the above, the Borough had authorized but not issued debt as follows:

General Capital	<u>\$1,662,274.44</u>
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BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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

<u>General</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$700,000.00	\$298,059.50	\$998,059.50
2010	732,000.00	273,009.50	1,005,009.50
2011	730,000.00	248,237.50	978,237.50
2012	685,000.00	224,275.00	909,275.00
2013	650,000.00	201,475.00	851,475.00
2014-2018	3,885,000.00	634,068.75	4,519,068.75
2019-2020	<u>1,050,000.00</u>	<u>59,400.00</u>	<u>1,109,400.00</u>
	<u>\$8,432,000.00</u>	<u>\$1,938,525.25</u>	<u>\$10,370,525.25</u>

<u>Water Utility</u>			
Calendar Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$150,000.00	\$131,612.50	\$281,612.50
2010	175,000.00	127,112.50	302,112.50
2011	200,000.00	121,862.50	321,862.50
2012	225,000.00	115,862.50	340,862.50
2013	250,000.00	107,987.50	357,987.50
2014-2018	1,500,000.00	392,250.00	1,892,250.00
2019-2023	<u>1,120,000.00</u>	<u>122,000.00</u>	<u>1,242,000.00</u>
	<u>\$3,620,000.00</u>	<u>\$1,118,687.50</u>	<u>\$4,738,687.50</u>

NOTE 4. BOND ANTICIPATION NOTES

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 4. BOND ANTICIPATION NOTES, (continued)

On December 31, 2008, the Borough had \$5,418,163.00 in outstanding general capital bond anticipation notes, \$3,668,163.00 maturing on June 30, 2009 at an interest rate of 3.00%, \$1,000,000.00 maturing on February 27, 2009 at an interest rate of 2.45% and \$750,000 maturing on February 27, 2009 at an interest rate of 2.30%.

The Borough also had \$75,900.00 in outstanding assessment trust bond anticipation notes maturing on June 30, 2009 at an interest rate of 3.00%.

The Borough also has \$338,202.00 in water bond anticipation notes maturing on June 30, 2009 at an interest rate of 3.00%.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2008.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Bank of America	\$4,353,111.00	\$	\$4,353,111.00	\$0.00
Commerce Capital	1,000,000.00	4,082,265.00	1,000,000.00	4,082,265.00
TD Bank		750,000.00		750,000.00
Valley National Bank		1,000,000.00		1,000,000.00
	<u>\$5,353,111.00</u>	<u>\$5,832,265.00</u>	<u>\$5,353,111.00</u>	<u>\$5,832,265.00</u>

NOTE 5. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2008, there were no deferred charges shown on the balance sheets of the various funds.

NOTE 6. LOCAL AND REGIONAL HIGH SCHOOL TAXES

Local and regional high school taxes have been raised on a calendar year basis and there is no deferred liability at December 31, 2008.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 7. PENSION PLANS

Description of Systems:

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

Public Employees' Retirement System (PERS)

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

Police and Firemens' Retirement System (PFRS)

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 7. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

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

Significant Legislation

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

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

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

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 7. PENSION PLANS, (continued)

Description of Systems, (continued)

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
December 31, 2008	\$129,413.60	\$304,240.00
December 31, 2007	60,175.80	212,894.00
December 31, 2006	41,832.80	132,399.60

NOTE 8. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the Borough provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost, to all Borough retirees who (1) have retired on disability pension, and (2) employees who have retired after twenty-five (25) years or more of service in a State or locally administered retirement system.

Health insurance, dental coverage, prescription coverage, and reimbursement of Federal Part B medicare premiums are provided for retirees and their dependents.

The Borough funds these benefits on a pay-as-you-go basis and therefore does not record accrued expenses related to these benefits. During 2008, there were sixteen (16) retired employees who received this benefit at a cost of \$209,221.96.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 8. OTHER POST EMPLOYMENT BENEFITS, (continued)

The above post employment benefits required the Borough to implement the requirements of Governmental Accounting Standards Board (GASB), Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*; however, the Borough did not implement this standard for 2008.

NOTE 9. FUND BALANCES

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

	<u>2008</u>	<u>2007</u>
Current Fund	Not Available	\$615,661.00
Water Operating Fund		135,000.00

NOTE 10. FIXED ASSETS

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

	Balance December 31, <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2008</u>
Land	\$26,187,001.96	\$	\$	\$26,187,001.96
Land Improvements	238,787.90			238,787.90
Buildings	5,642,246.30			5,642,246.30
Machinery and Equipment	<u>5,809,191.44</u>	<u>664,359.89</u>	<u>119,743.00</u>	<u>6,353,808.33</u>
	<u>\$37,877,227.60</u>	<u>\$664,359.89</u>	<u>\$119,743.00</u>	<u>\$38,421,844.49</u>

NOTE 11. ACCRUED SICK AND VACATION BENEFITS

The Borough does not permit employees to accrue unused sick and vacation time.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 12. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance</u> <u>Dec 31, 2008</u>	<u>Balance</u> <u>Dec 31, 2007</u>
Prepaid Taxes	<u>\$230,299.49</u>	<u>\$253,945.60</u>
Cash Liability for Taxes Collected in Advance	<u>\$230,299.49</u>	<u>\$253,945.60</u>

NOTE 13. DUE TO/FROM OTHER FUNDS

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

\$1,274.17	Due to Current Fund from General Capital Fund for interest earned.
3,957.15	Due to Current Fund from Animal Control Trust Fund for statutory excess.
30,974.04	Due to Federal and State Grant Fund from Current Fund for grant receipts deposited in Current Fund.
212.67	Due to Other Trust Fund from Current Fund for Other Trust Fund receipts deposited in Current Fund.
<u>8,760.10</u>	Due to Other Trust Fund from Federal and State Grant Fund for grant expenditures paid by Other Trust Fund.
<u>\$45,178.13</u>	

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

NOTE 14. LEASES

The Borough has not entered into any long-term agreements for any equipment purchases.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 15. RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2008 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Allendale 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 Borough of Allendale is a member of the Bergen 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 \$100,000 for member municipalities. The Borough of Allendale 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 issued to reduce the amount recorded for membership expense in the year in which the distribution was declared.

The Borough of Allendale is also a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides insurance coverage for claims in excess of \$100,000 for general liability, automobile liability and workers' compensation. The MEL also provides insurance coverage for the following: employment practices liability, non-owned aircraft, public officials liability, directors and officers liability and Faithful Performance and Employee Dishonesty Blanket Bond (\$1,000,000 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.

BOROUGH OF ALLENDALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(continued)

NOTE 15. RISK MANAGEMENT, (continued)

Financial statements for the Funds are available at the office of the Funds' Executive Director, Public Entity Risk Management Administration, Inc.

The Borough of Allendale 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.

NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by the Borough Counsel that the Borough is involved in several legal suits that are either covered by insurance or not material to the financial statements.

APPENDIX C

SELECTED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2008

The selected data presented on pages C-50 to C-60 under the section "Selected Financial Information" as of and for each of the years in the five year period ended December 31, 2008 are derived from the financial statements of the Borough of Allendale. The excerpts from the financial statements as of December 31, 2008 and the Independent Auditor's Report thereon are included in the previous section.

BOROUGH OF ALLENDALE, N.J.
COMPARATIVE BALANCE SHEET
CURRENT FUND

	2008	2007	2006	2005	2004
ASSETS					
Current Fund:					
Cash	2,552,185.35	2,215,200.91	2,567,579.21	2,851,308.96	2,280,137.64
Change Fund	400.00	400.00	400.00	400.00	400.00
Due from State of New Jersey: Ch. 73, P.L.					
Senior Citizens and Veterans Deduction					
Due from State of New Jersey: R.E.A.P.					
	<u>2,552,585.35</u>	<u>2,215,600.91</u>	<u>2,567,979.21</u>	<u>2,851,708.96</u>	<u>2,280,537.64</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Taxes Receivable	181,559.94	498,594.30	210,789.42	148,413.62	107,882.92
Property Acquired for Taxes - Assessed Valuation	300,600.00	4,900.00	4,900.00	4,900.00	4,900.00
Tax Title Liens	54,728.29	186,901.84	177,731.49	168,898.01	160,738.27
Revenue Accounts Receivable	106,983.51	31,481.24	39,417.69	51,630.48	16,128.85
Interfund Receivables:					
Other Trust Fund		134.87	2,082.76	780.59	958.65
General Capital Fund	1,274.17				2,719.99
Animal Control Trust Fund	3,957.15	415.35			
	<u>649,103.06</u>	<u>722,427.60</u>	<u>434,921.36</u>	<u>374,622.70</u>	<u>293,328.68</u>
Deferred Charges:					
Special Emergency Authorizations				50,000.00	100,000.00
Emergency Authorizations					361,000.00
				50,000.00	461,000.00
	<u>3,201,688.41</u>	<u>2,938,028.51</u>	<u>3,002,900.57</u>	<u>3,276,331.66</u>	<u>3,034,866.32</u>
Federal and State Grant Fund:					
Grants Receivable	7,811.25	6,574.13	7,165.49	7,736.52	9,575.00
Interfund - Current Fund	30,974.04	20,076.99	16,423.66	46,552.37	20,190.34
Interfund - Other Trust					
	<u>38,785.29</u>	<u>26,651.12</u>	<u>23,589.15</u>	<u>54,288.89</u>	<u>29,765.34</u>
	<u>3,240,473.70</u>	<u>2,964,679.63</u>	<u>3,026,489.72</u>	<u>3,330,620.55</u>	<u>3,064,631.66</u>

BOROUGH OF ALLENDALE, N.J.
COMPARATIVE BALANCE SHEET
CURRENT FUND

	2008	2007	2006	2005	2004
LIABILITIES, RESERVES AND FUND BALANCE					
Current Fund:					
Appropriation Reserves	400,047.56	281,487.46	210,964.77	287,483.72	124,146.18
Due to State of New Jersey: Ch. 73, P.L.					
Senior Citizens and Veterans Deduction	3,124.51	2,374.51	3,281.36	2,528.62	124.51
Interfunds Payable:					
General Capital Fund	30,974.04	20,076.99	16,423.66	46,552.37	5,869.39
Federal and State Grant Fund	214.67				20,190.34
Encumbrances Payable	303,034.26	465.44			
Accounts Payable	290,126.16	290,835.29	292,262.70	292,262.70	242,079.82
Prepaid Taxes	1,520.00	2,908.83	13,351.62	16,673.92	
County Taxes Payable	230,299.49	253,945.60	226,164.83	231,545.51	256,640.32
Tax Overpayments	13,190.84				
Reserve for:	40,067.48	14,773.58	1,897.67	36,204.04	22,996.74
Tax Appeals	19,818.81	13,345.27	23,820.18	155,107.18	162,540.10
Garbage Settlement				93,000.00	3,219.09
	1,042,291.66	879,503.84	794,739.38	1,161,358.06	837,806.49
Reserve for Receivables	649,103.06	722,427.60	434,921.36	374,622.70	293,328.68
Fund Balance	1,510,293.69	1,336,097.07	1,773,239.83	1,740,350.90	1,903,730.15
	3,201,688.41	2,938,028.51	3,002,900.57	3,276,331.66	3,034,865.32
Federal and State Grant Fund					
Appropriated Reserve for Grants	28,655.56	17,648.74	16,254.67	47,137.72	22,138.79
Unappropriated Reserve for Grants	1,369.63	1,479.40	1,337.14	582.80	958.70
Interfund - Other Trust	8,760.10	7,522.98	5,997.34	6,568.37	6,667.85
	38,785.29	26,651.12	23,589.15	54,288.89	29,765.34
	3,240,473.70	2,964,679.63	3,026,489.72	3,330,620.55	3,064,630.66

BOROUGH OF ALLENDALE, N.J.

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
CURRENT FUND

	2008	2007	2006	2005	2004
Revenues and Other Income:					
Fund Balance Utilized	615,661.00	834,000.00	818,000.00	900,000.00	1,000,000.00
Miscellaneous Revenue Anticipated	2,578,800.31	2,693,354.37	2,746,448.44	2,637,937.22	2,582,968.99
Receipts from Delinquent Taxes	498,590.20	210,618.10	136,355.40	107,877.09	135,330.49
Receipts from Current Taxes	32,996,852.71	31,394,966.14	30,136,502.34	27,909,261.28	26,178,529.84
Non-Budget Revenue	138,983.27	88,709.11	96,468.68	194,863.09	109,020.94
Other Credits to Income:					
Void Old Outstanding Checks		1,209.88			
Statutory Excess in Animal Control Trust	3,957.15	415.35			
Interfunds Returned	550.22	2,082.76	780.59	3,678.64	4,103.33
Canceled Grant Reserves			2,048.93	3,279.27	1,832.88
Unexpended Balance of Appropriation Reserves	185,851.88	135,901.42	158,285.65	61,437.28	161,199.94
Unexpended Balances of, and Canceled Encumbrances Payable				1,680.00	5,354.33
Canceled Accounts Payable	2,198.60	13,351.62	6,773.92		
Tax Overpayments Canceled	40.82	14.26	16.88	42.12	25.79
Canceled Reserves			8,344.49		
Total Revenues and Other Income	37,021,486.16	35,374,623.01	34,110,025.32	31,820,055.99	30,178,366.53
Expenditures:					
Budget and Emergency Appropriations:					
Operations:					
Salaries and Wages	3,883,762.00	3,729,943.83	3,593,132.96	3,485,335.00	3,347,687.00
Other Expenses	5,984,832.67	5,698,727.42	5,345,420.47	4,981,819.90	5,021,887.22
Capital Improvement Fund	37,500.00	19,000.00	91,000.00	189,558.00	161,000.00
Municipal Debt Service	1,311,635.68	1,343,826.93	1,129,398.69	901,086.96	905,646.04
Deferred Charges and Statutory Expenditures -					
Municipal	401,725.83	387,000.00	424,000.00	371,000.00	413,000.00
Refund of Prior Year's Revenue				9,293.05	
Canceled Grant Receivable			2,048.93	3,279.53	1,832.88
Interfund Advances	5,231.32	550.22	2,082.76	780.59	3,678.64
Municipal Open Space Tax	65,177.95	65,119.91	64,287.47		
Local District School Tax	13,181,578.00	12,967,856.00	12,490,473.50	11,475,302.50	10,945,561.00
Regional High School Tax	7,927,536.78	7,469,023.52	7,126,045.64	6,759,303.50	6,172,240.65
County Taxes Including Added Taxes	3,432,648.31	3,296,717.94	2,991,245.97	2,906,176.21	2,768,803.21
Total Expenditures	36,231,628.54	34,977,765.77	33,259,136.39	31,083,435.24	29,741,336.64

BOROUGH OF ALLENDALE, N.J.

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
CURRENT FUND

	2008	2007	2006	2005	2004
Excess (Deficit) Revenue Over Expenditures	789,857.62	396,857.24	850,888.93	736,620.75	437,029.89
Adjustment to Income Before Fund Balance - Expenditures Included above Which are by Statute Deferred Charges to Budget of Succeeding Year					361,000.00
Total Adjusted Expenditures	789,857.62	396,857.24	850,888.93	736,620.75	798,029.89
Fund Balance, January 1,	1,336,097.07	1,773,239.83	1,740,350.90	1,903,730.15	2,105,700.26
	2,125,954.69	2,170,097.07	2,591,239.83	2,640,350.90	2,903,730.15
Decreased by:					
Fund Balance Utilized as Budget Revenue	615,661.00	834,000.00	818,000.00	900,000.00	1,000,000.00
Fund Balance, December 31,	1,510,293.69	1,336,097.07	1,773,239.83	1,740,350.90	1,903,730.15

BOROUGH OF ALLENDALE, N.J.

**COMPARATIVE BALANCE SHEETS
TRUST FUNDS**

ASSETS	2008	2007	2006	2005	2004
Assessment Trust Fund:					
Cash	14,400.00	14,400.00	40,800.00	27,200.00	16,319.99
Assessments Receivable	68,000.00	81,600.00	95,200.00	108,800.00	122,400.00
	<u>82,400.00</u>	<u>96,000.00</u>	<u>136,000.00</u>	<u>136,000.00</u>	<u>138,719.99</u>
Animal Control Trust Fund:					
Cash	10,638.55	7,307.35	5,053.12	4,812.72	3,183.80
				1.20	
	<u>10,638.55</u>	<u>7,307.35</u>	<u>5,053.12</u>	<u>4,813.92</u>	<u>3,183.80</u>
Other Trust Funds:					
Cash	1,756,808.99	1,216,980.90	1,111,549.72	471,565.58	432,122.68
Interfund - Current Fund	214.67				
Interfund - Federal & State Grant Fund	8,760.10	7,522.98	5,997.34	6,568.37	6,667.85
	<u>1,765,783.76</u>	<u>1,224,503.88</u>	<u>1,117,547.06</u>	<u>478,133.95</u>	<u>438,790.53</u>
Payroll Fund:					
Cash	872.35	231.19	25,743.07	23,551.81	21,327.67
Interfund - Current Fund		465.44			
	<u>872.35</u>	<u>696.63</u>	<u>25,743.07</u>	<u>23,551.81</u>	<u>21,327.67</u>
	<u>1,859,694.66</u>	<u>1,328,507.86</u>	<u>1,284,343.25</u>	<u>642,499.68</u>	<u>602,021.99</u>

**BOROUGH OF ALLENDALE, N.J.
COMPARATIVE BALANCE SHEETS
TRUST FUNDS**

	2008	2007	2006	2005	2004
LIABILITIES, RESERVES AND FUND BALANCE					
Assessment Trust Fund:					
Bond Anticipation Notes	75,900.00	89,500.00	129,500.00	129,500.00	2,719.99
Interfund - Current Fund					129,500.00
Interfund - General Capital Fund	6,500.00	6,500.00	6,500.00	6,500.00	6,500.00
Reserve for Assessment and Liens	82,400.00	96,000.00	136,000.00	136,000.00	138,719.99
Animal Control Trust Fund:					
Prepaid Licenses	556.40	81.00	216.20	266.60	251.80
Interfund - Current Fund	3,957.15	415.35			
Reserve for Dog Fund Expenditures	6,125.00	6,811.00	4,836.92	4,547.32	2,931.80
	10,638.55	7,307.35	5,053.12	4,813.92	3,183.60
Other Trust Fund:					
Interfund - Current Fund		134.87	2,082.76	780.59	958.65
Reserve for Open Space	180,335.21	131,832.65	64,287.47		
Due to State of N.J.					
Marriage License Surcharge	75.00	125.00	50.00	50.00	100.00
Building Surcharge	1,137.00	2,403.00	1,658.00	2,948.00	2,586.00
Sales Tax Payable	64.37	86.45	16.87		
Various Reserves	1,584,172.18	1,089,921.91	1,049,451.96	474,355.36	435,145.88
	1,765,783.76	1,224,503.88	1,117,547.06	478,133.95	438,790.53
Payroll Fund:					
Payroll Deductions Payable	872.35	696.63	25,743.07	23,551.81	21,327.67
	872.35	696.63	25,743.07	23,551.81	21,327.67
	1,859,694.66	1,328,507.86	1,284,343.25	642,499.68	602,021.79

BOROUGH OF ALLENDALE, N.J.

COMPARATIVE BALANCE SHEET
GENERAL CAPITAL FUND

	2008	2007	2006	2005	2004
ASSETS					
Cash	1,255,557.01	1,778,114.55	3,291,328.54	4,938,530.35	4,375,135.53
Various Receivables	500,263.80	760,486.94	193,702.47	424,116.96	337,611.65
Deferred Charges to Future Taxation:					
Funded	8,432,000.00	9,082,000.00	9,732,000.00	10,357,000.00	5,957,000.00
Unfunded	7,080,437.44	7,473,551.00	3,859,926.00	2,752,712.00	5,069,174.00
Prospective Assessments Raised by Taxation:					
Interfund - Current Fund					5,869.39
Interfund - Assessment Trust Fund					129,500.00
	<u>17,268,258.25</u>	<u>19,094,152.49</u>	<u>17,076,957.01</u>	<u>18,472,359.31</u>	<u>15,874,290.57</u>

LIABILITIES, RESERVES AND FUND BALANCE

Serial Bonds Payable	8,432,000.00	9,082,000.00	9,732,000.00	10,357,000.00	5,957,000.00
Bond Anticipation Notes	5,418,163.00	4,534,620.00	3,405,060.00	2,197,846.00	4,819,308.00
Improvement Authorizations:					
Funded	402,954.61	957,543.92	1,463,901.54	3,998,003.45	1,238,761.27
Unfunded	1,449,313.90	1,894,518.00	2,447,565.49	1,909,481.17	3,845,089.63
Capital Improvement Fund	3,111.98	3,111.98	1,411.98	1,411.98	1,411.98
Reserve for:					
Playground Renovations			412.51	589.25	1,099.25
Culvert Replacement			18,578.03		3,758.23
Orchard Commons	115,741.52				
Capital Projects		18,578.03			
Contracts Payable	1,250,000.00	2,500,000.00			
Interfund - Current Fund	1,274.17				
Fund Balance	<u>195,699.07</u>	<u>103,780.56</u>	<u>8,027.46</u>	<u>8,027.46</u>	<u>7,862.21</u>
	<u>17,268,258.25</u>	<u>19,094,152.49</u>	<u>17,076,957.01</u>	<u>18,472,359.31</u>	<u>15,874,290.57</u>

BOROUGH OF ALLENDALE, N.J.

STATEMENT OF FUND BALANCE
GENERAL CAPITAL FUND

	2008	2007	2006	2005	2004
Balance - December 31,	103,780.56	8,027.46	8,027.46	7,862.21	97,419.84
Increased by:					
Reimbursement of Capital Expenditures					
Appropriated to Finance Improvement Authorization	252,205.83				122,442.37
Premium on Sale of Bonds/Bond Anticipation Notes	28,212.68				
Funded Improvement Authorization Canceled		570,753.10		165.25	
	384,199.07	578,780.56	8,027.46	8,027.46	219,862.21
Decreased by:					
Anticipated as Revenue	103,500.00				97,000.00
Cancellation of Various Receivables					
Appropriated to Finance Improvement Authorization/ Current Year Budget (2004)	85,000.00	475,000.00			115,000.00
	188,500.00	475,000.00	-	-	212,000.00
Balance - December 31,	195,699.07	103,780.56	8,027.46	8,027.46	7,862.21

BOROUGH OF ALLENDALE, N.J.
COMPARATIVE BALANCE SHEET
WATER UTILITY FUND

	2008	2007	2006	2005	2004
ASSETS					
Operating Fund:					
Cash	592,554.68	627,138.82	594,242.13	369,509.97	288,550.63
Change Fund	120.00	120.00	120.00	120.00	120.00
Interfund - Water Capital Fund					
	<u>592,674.68</u>	<u>627,258.82</u>	<u>594,362.13</u>	<u>369,629.97</u>	<u>288,670.63</u>
Receivables with Full Reserves:					
Consumers Account Receivable	306,172.03	486,551.73	221,472.33	17,431.53	212,881.53
	<u>306,172.03</u>	<u>486,551.73</u>	<u>221,472.33</u>	<u>17,431.53</u>	<u>212,881.53</u>
Deferred Charges:					
Emergency Authorizations	-	-	-	100,000.00	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000.00</u>	<u>-</u>
				100,000.00	-
Total Operating Fund	<u>888,846.71</u>	<u>1,113,810.55</u>	<u>815,834.46</u>	<u>487,061.50</u>	<u>501,552.16</u>
Capital Fund:					
Cash	172,222.91	1,003,258.36	1,070,850.02	935,194.62	711,654.89
Fixed Capital	6,769,171.21	4,217,230.63	4,105,833.49	4,105,833.49	4,105,833.49
Fixed Capital Authorized and Uncompleted	577,763.53	3,284,736.60	3,551,649.75	3,251,649.75	3,028,868.68
Interfund - Water Operating	0.17				
	<u>7,519,157.82</u>	<u>8,505,225.59</u>	<u>8,728,333.26</u>	<u>8,292,677.86</u>	<u>7,846,357.06</u>
Total Capital Fund	<u>8,418,004.53</u>	<u>9,619,036.14</u>	<u>9,544,167.72</u>	<u>8,779,739.36</u>	<u>8,347,909.22</u>
Total Assets					

BOROUGH OF ALLENDALE, N.J.

**COMPARATIVE BALANCE SHEET
WATER UTILITY FUND**

	2008	2007	2006	2005	2004
LIABILITIES, RESERVES AND FUND BALANCE					
Operating Fund:					
Appropriation Reserve	253,559.96	281,887.09	104,656.99	55,609.40	51,817.67
Encumbrances Payable	11,654.61	22,000.00	2,456.59	16,379.31	15,544.24
Meter Deposits	15,400.00	15,400.00	15,400.00	15,400.00	15,400.00
Accrued Interest on Bonds and Notes	73,245.04	73,081.73	66,852.25	5,387.76	5,000.27
	<u>0.17</u>				
	353,859.61	392,368.82	189,365.83	92,776.47	87,762.18
Reserve for Receivables	306,172.03	486,551.73	221,472.33	17,431.53	212,881.53
Fund Balance	238,814.90	234,890.00	404,996.30	376,853.50	200,908.45
	544,986.93	721,441.73	626,468.63	394,285.03	413,789.98
Total Operating Fund	<u>898,846.54</u>	<u>1,113,810.55</u>	<u>815,834.46</u>	<u>487,061.50</u>	<u>501,552.16</u>
Capital Fund:					
Bond Anticipation Notes	338,202.00	728,991.00	563,000.00	263,000.00	
Water Supply Rehabilitation Loan					
Water Serial Bonds Payable	3,620,000.00	3,745,000.00	3,845,000.00	3,920,000.00	3,970,000.00
Improvement Authorizations:					
Funded	51,561.84	191,742.15	477,471.87	568,323.24	650,154.03
Unfunded	61,681.34	464,333.27	487,608.36	261,101.59	
Capital Improvement Fund	3.13	3.13	3.13	3.13	9,103.13
Reserve for Amortization	2,885,466.74	2,797,279.35	2,966,083.24	2,891,083.24	2,894,452.17
Reserve for Deferred Amortization	503,266.00	294,959.00	282,950.00	282,950.00	269,800.00
Interfund - Water Operating Fund					
Fund Balance	58,976.77	282,917.69	106,216.66	106,216.66	52,847.73
Total Capital Fund	<u>7,519,157.82</u>	<u>8,505,225.59</u>	<u>8,728,333.26</u>	<u>8,292,677.86</u>	<u>7,846,357.06</u>
Total Liabilities, Reserves and Fund Balances	<u>8,418,004.36</u>	<u>9,619,036.14</u>	<u>9,544,167.72</u>	<u>8,779,739.36</u>	<u>8,347,909.22</u>

BOROUGH OF ALLENDALE, N.J.

STATEMENT OF GENERAL FIXED ASSETS

	2008	2007	2006	2005	2004
General Fixed Assets:					
Land	26,187,001.96	26,187,001.96	21,652,430.00	21,652,430.00	21,652,430.00
Buildings	5,642,246.30	5,642,246.30	5,661,286.30	2,801,286.30	2,513,649.70
Improvements Other Than Buildings	238,787.90	238,787.90	226,867.90	226,867.90	200,891.30
Machinery and Equipment	6,353,808.33	5,809,191.44	5,457,915.13	4,978,139.13	4,416,686.52
	<u>38,421,844.49</u>	<u>37,877,227.60</u>	<u>32,998,499.33</u>	<u>29,658,723.33</u>	<u>28,783,657.52</u>
Investment in Fixed Assets	<u>38,421,844.49</u>	<u>37,877,227.60</u>	<u>32,998,499.33</u>	<u>29,658,723.33</u>	<u>28,783,657.52</u>

APPENDIX D

**EXCERPTS FROM
UNAUDITED FINANCIAL STATEMENT
FOR THE YEAR ENDED
DECEMBER 31, 2009**

**POST CLOSING
TRIAL BALANCE - CURRENT FUND
AS AT DECEMBER 31, 2009**

[illegible]

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ACCOUNTS #1 AND #2 *
AS AT DECEMBER 31, 2009

(DO NOT CROWD - ADD ADDITIONAL SHEETS)

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AS AT DECEMBER 31, 2009

(DO NOT CROWD - ADD ADDITIONAL SHEETS)

**POST CLOSING
TRIAL BALANCE - TRUST FUNDS**
(Assessment Section Must Be Separately Stated)

AS AT DECEMBER 31, 2009

Title of Accounts	Debit	Credit
<u>ANIMAL CONTROL TRUST FUND</u>		
CASH	9,574.80	
INTERFUND - CURRENT FUND		2,494.00
PREPAID LICENSES		521.80
RESERVE FOR EXPENDITURES		6,559.00
	9,574.80	9,574.80
<u>OTHER TRUST FUND</u>		
CASH	1,921,056.44	
INTERFUND - FEDERAL AND STATE GRANT FUND	948.85	
DUE TO STATE OF NJ - MARRIAGE SURCHARGE		75.00
DUE TO STATE OF NJ - BUILDING SURCHARGE		9.00
DUE TO STATE OF NJ - SALES TAX		70.16
ESCROW DEPOSITS		682,064.92
RESERVE FOR: POAA		2,374.10
TAX SALE PREMIUMS		11,200.00
RECYCLING		58,780.80
HOUSING TRUST		842,207.02
MUNICIPAL ALLIANCE DONATIONS		3,089.01
911 MEMORIAL DONATIONS		33,992.67
POLICE BEQUESTS		6,355.80
POLICE DONATIONS		10,408.21
CRESTWOOD LAKE DONATIONS		530.00
ORCHARD COMMONS DONATIONS		51,021.31
RENTAL DEPOSITS		916.68
BEAUTIFICATION		12,347.45
UNEMPLOYMENT		1,378.89
OPEN SPACE TRUST		193,978.93
TOWER		11,205.34
	1,922,005.29	1,922,005.29

(DO NOT CROWD - ADD ADDITIONAL SHEETS)

(Assessment Section Must Be Separately Stated)

[illegible]

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AS AT DECEMBER 31, 2009

(DO NOT CROWD - ADD ADDITIONAL SHEETS)

STATEMENT OF GENERAL BUDGET REVENUES 2009

Source	Budget -01	Realized -02	Excess or Deficit * -03
Surplus Anticipated 80101-	937,661.00	937,661.00	-
Surplus Anticipated with Prior Written Consent of Director of Local Government 80102-			-
Miscellaneous Revenue Anticipated:	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx
Adopted Budget	2,328,547.87	2,392,520.60	63,972.73
Added by N.J.S. 40A:4-87: (List on 17a)	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx
	-	-	-
			-
Total Miscellaneous Revenue Anticipated 80103-	2,328,547.87	2,392,520.60	63,972.73
Receipts from Delinquent Taxes 80104-	209,468.00	174,752.71	(34,715.29)
			-
Amount to be Raised by Taxation:	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx
(a) Local Tax for Municipal Purposes 80105-	8,713,880.00	xxxxxxxxxx	xxxxxxxxxx
(b) Addition to Local District School Tax 80106-		xxxxxxxxxx	xxxxxxxxxx
Total Amount to be Raised by Taxation 80107-	8,713,880.00	9,056,405.61	342,525.61
	12,189,556.87	12,561,339.92	371,783.05

ALLOCATION OF CURRENT TAX COLLECTIONS

	DEBIT	CREDIT
Current Taxes Realized in Cash (Total of Item 10 or 14 on Sheet 22) 80108 - 00	xxxxxxxxxx	34,099,258.85
Amount to be Raised by Taxation	xxxxxxxxxx	xxxxxxxxxx
Local District School Tax 80109 - 00	13,522,702.50	xxxxxxxxxx
Regional School Tax 80119 - 00		xxxxxxxxxx
Regional High School Tax 80110 - 00	8,228,886.82	xxxxxxxxxx
County Tax 80111 - 00	3,637,536.69	xxxxxxxxxx
Due County for Added and Omitted Taxes 80112 - 00	18,119.16	xxxxxxxxxx
Special District Taxes 80113 - 00		xxxxxxxxxx
Municipal Open Space Tax 80120 - 00	65,608.07	
Reserve for Uncollected Taxes 80114 - 00	xxxxxxxxxx	430,000.00
Deficit in Required Collection of Current Taxes (or) 80115 - 00	xxxxxxxxxx	-
Balance for Support of Municipal Budget (or) 80116 - 00	9,056,405.61	xxxxxxxxxx
*Excess Non-Budget Revenue (see footnote) 80117 - 00		xxxxxxxxxx
*Deficit Non-Budget Revenue (see footnote) 80118 - 00	xxxxxxxxxx	
	34,529,258.85	34,529,258.85

*These items are applicable only when there is no "Amount to be Raised by Taxation" in the "Budget" column of the statement at the top of this sheet. In such instances, any excess or deficit in the above allocated would apply to "Non - Budget Revenue" only.

STATEMENT OF GENERAL BUDGET APPROPRIATIONS 2009

2009 Budget as Adopted	80012-01	12,189,556.87
2009 Budget - Added by N.J.S. 40A:4-87	80012-02	-
Appropriated for 2009 (Budget Statement Item 9)	80012-03	12,189,556.87
Appropriated for 2009 by Emergency Appropriation (Budget Statement Item 9)	80012-04	
Total General Appropriations (Budget Statement Item 9)	80012-05	12,189,556.87
Add: Overexpenditures (see footnote)	80012-06	
Total Appropriations and Overexpenditures	80012-07	12,189,556.87
Deduct Expenditures:		
Paid or Charged [Budget Statement Item (L)]	80012-08	11,155,150.67
Paid or Charged - Reserve for Uncollected Taxes	80012-09	430,000.00
Reserved	80012-10	604,405.70
Total Expenditures	80012-11	12,189,556.37
Unexpended Balances Canceled (see footnote)	80012-12	0.50

FOOTNOTES - RE: OVEREXPENDITURES:

Every appropriation overexpended in the budget document must be marked with an * and must agree in the aggregate with this item.

RE: UNEXPENDED BALANCES CANCELED:

Are not to be shown as "Paid or Charged" in the budget document. In all instances "Total Appropriations" and "Overexpenditures" must equal the sum of "Total Expenditures" and "Unexpended Balances Canceled".

SCHEDULE OF EMERGENCY APPROPRIATIONS FOR LOCAL DISTRICT SCHOOL PURPOSES (EXCEPT FOR TYPE I SCHOOL DEBT SERVICE)

2009 Authorizations		
N.J.S. 40A:4-46 (After adoption of budget)		
N.J.S. 40A:4-20 (Prior to adoption of budget)		
Total Authorizations		
Deduct Expenditures:		
Paid or Charged		
Reserved		
Total Expenditures		

RESULTS OF 2009 OPERATION

CURRENT FUND

		Debit	Credit
Excess of anticipated Revenues:		XXXXXXXX	XXXXXXXX
Miscellaneous Revenues anticipated	80013 - 01	XXXXXXXX	63,972.73
Delinquent Tax Collections	80013 - 02	XXXXXXXX	-
		XXXXXXXX	
Required Collection of Current Taxes	80013 - 03	XXXXXXXX	342,525.61
Unexpended Balances of 2009 Budget Appropriations	80013 - 04	XXXXXXXX	0.50
Miscellaneous Revenues Not Anticipated	81113 -	XXXXXXXX	111,863.71
Miscellaneous Revenues Not Anticipated Proceeds of Sale of Foreclosed Property (Sheet 27)	81114 -	XXXXXXXX	
Payments in Lieu of Taxes on Real Property	81120 -	XXXXXXXX	
Sale of Municipal Assets		XXXXXXXX	
Unexpended Balances of 2008 Appropriation Reserves	80013 - 05	XXXXXXXX	285,537.88
Prior Years Interfunds Returned in 2009	80013 - 06	XXXXXXXX	5,231.32
Tax Overpayments Cancelled		XXXXXXXX	191.65
Statutory Excess in Animal Control Trust		XXXXXXXX	2,494.00
Cancelled Accounts Payable		XXXXXXXX	593.00
Deferred School Tax Revenue: (See School Taxes, Sheets 13 & 14)		XXXXXXXX	XXXXXXXX
Balance January 1, 2009	80013 - 07	-	XXXXXXXX
Balance December 31, 2009	80013 - 08	XXXXXXXX	-
Deficit in Anticipated Revenues:		XXXXXXXX	XXXXXXXX
Miscellaneous Revenues Anticipated	80013 - 09	-	XXXXXXXX
Delinquent Tax Collections	80013 - 10	34,715.29	XXXXXXXX
			XXXXXXXX
Required Collections of Current Taxes	80013 - 11	-	XXXXXXXX
Interfund Advances Originating in 2009	80013 - 12	2,494.00	XXXXXXXX
			XXXXXXXX
			XXXXXXXX
			XXXXXXXX
			XXXXXXXX
Deficit Balance - To Trial Balance (Sheet 3)	80013 - 13	XXXXXXXX	-
Surplus Balance - To Surplus (Sheet 21)	80013 - 14	775,201.11	XXXXXXXX
		812,410.40	812,410.40

**SURPLUS - CURRENT FUND
YEAR 2009**

		Debit	Credit
1. Balance January 1, 2009	80014 - 01	XXXXXXXXXX	1,510,293.69
2.		XXXXXXXXXX	
3. Excess Resulting from 2009 Operations	80014 - 02	XXXXXXXXXX	775,201.11
4. Amount Appropriated in the 2009 Budget - Cash	80014 - 03	937,661.00	XXXXXXXXXX
5. Amount Appropriated in 2009 Budget - with Prior Written Consent of Director of Local Government Services	80014 - 04		XXXXXXXXXX
6.			XXXXXXXXXX
7. Balance December 31, 2009	80014 - 05	1,347,833.80	XXXXXXXXXX
		2,285,494.80	2,285,494.80

**ANALYSIS OF BALANCE DECEMBER 31, 2009
(FROM CURRENT FUND - TRIAL BALANCE)**

Cash	80014 - 06	2,506,785.92
Investments	80014 - 07	
Sub Total		2,506,785.92
Deduct Cash Liabilities Marked with "C" on Trial Balance	80014 - 08	1,158,952.12
Cash Surplus	80014 - 09	1,347,833.80
Deficit in Cash Surplus	80014 - 10	-
Other Assets Pledged to Surplus: *		
(1) Due from State of N.J. Senior Citizens and Veterans Deduction	80014 - 16	
Deferred Charges #	80014 - 12	-
Cash Deficit #	80014 - 13	
Total Other Assets	80014 - 14	-
* IN THE CASE OF A "DEFICIT IN CASH SURPLUS", OTHER ASSETS	80014 - 15	1,347,833.80

WOULD ALSO BE PLEDGED TO CASH LIABILITIES.
MAY NOT BE ANTICIPATED AS NON - CASH SURPLUS IN 2010 BUDGET.
(1) MAY BE ALLOWED UNDER CERTAIN CONDITIONS.

NOTE: Deferred charges for authorizations under N.J.S. 40A:4-55 (Tax Map ect.), N.J.S. 40A:4-55 (Flood Damage, ect.), N.J.S. 40A:4-55.1 (Roads and Bridges, ect.) and N.J.S. 40A:4-55.13 (Public Exigencies, ect.) to the extent of emergency notes issued and outstanding for such purposes, together with such emergency notes, may be omitted from this analysis.

**POST CLOSING
TRIAL BALANCE - WATER UTILITY FUND
AS AT DECEMBER 31, 2009
Operating and Capital Sections
(Separately Stated)**

Cash Liabilities Must Be Subtotaled and Subtotal Must Be Marked With "C"

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**POST CLOSING
TRIAL BALANCE - WATER UTILITY FUND
AS AT DECEMBER 31, 2009
Operating and Capital Sections
(Separately Stated)**

Cash Liabilities Must Be Subtotaled and Subtotal Must Be Marked With "C"

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STATEMENT OF WATER UTILITY BUDGET - 2009

BUDGET REVENUES

Source	Budget	Realized in Cash	Excess or (Deficit)
Operating Surplus Anticipated 91301-	90,000.00	90,000.00	-
Operating Surplus Anticipated with Consent of Director of Local Govt. Services 91302-			-
Rents 91303-	1,334,370.00	1,265,259.57	(69,110.43)
Fire Hydrant Service 91304-			-
Miscellaneous 91305-	48,000.00	60,201.45	12,201.45
Additional Water Rents	120,000.00		(120,000.00)
Facilities Charge	58,250.00	58,250.00	-
			-
Added by N.J.S. 40A:4-87: (List)	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx
			-
Subtotal	1,650,620.00	1,473,711.02	(176,908.98)
Deficit (General Budget)** 91306-			-
91307-	1,650,620.00	1,473,711.02	(176,908.98)

**Amount in "Received in Cash" Column for "Deficit (General Budget)" and amount expended for "Surplus (General Budget)" must agree with amounts shown for such items on Sheet 45.

STATEMENT OF BUDGET APPROPRIATIONS 2009

Appropriations:	xxxxxxxxxx
Adopted Budget	1,650,620.00
Added by N.J.S. 40A:4-87	
Emergency	
Total Appropriations	1,650,620.00
Add: Overexpenditures (See Footnote)	
Total Appropriations and Overexpenditures	1,650,620.00
Deduct Expenditures:	
Paid or Charged	1,583,704.76
Reserved	66,915.24
Surplus (General Budget) **	
Total Expenditures	1,650,620.00
Unexpended Balances Canceled (See Footnote)	-

FOOTNOTES - RE: OVEREXPENDITURES:

Every appropriation overexpended in the budget document must be marked with an * and must agree in the aggregate with this item.

RE: UNEXPENDED BALANCES CANCELED:

Are not to be shown as "Paid or Charged" in the budget document. In all instances "Total Appropriations" and "Overexpenditures" must equal the sum of "Total Expenditures" and "Unexpended Balances Canceled"

RESULTS OF 2009 OPERATIONS - WATER UTILITY

	Debit	Credit
Excess of anticipated Revenues	XXXXXXXX	(176,908.98)
Unexpended Balances of Appropriations	XXXXXXXX	-
Miscellaneous Revenues Not Anticipated	XXXXXXXX	
Unexpended Balances of 2008 Appropriation Reserves*	XXXXXXXX	177,368.29
Deficit in Anticipated Revenue		XXXXXXXX
Operating Deficit - to Trial Balance	XXXXXXXX	-
Excess in Operations - to Operating Surplus	459.31	XXXXXXXX
* See restriction in amount on Sheet 45, SECTION 2	459.31	459.31

OPERATING SURPLUS - WATER UTILITY

	Debit	Credit
Balance January 1, 2009	XXXXXXXX	238,814.90
Excess in Results of 2009 Operations	XXXXXXXX	459.31
Amount Appropriated in 2009 Budget - Cash	90,000.00	XXXXXXXX
Amount Appropriated in 2009 Budget with Prior Written Consent of Director of Local Government Services		XXXXXXXX
Balance December 31, 2009	149,274.21	XXXXXXXX
	239,274.21	239,274.21

ANALYSIS OF BALANCE DECEMBER 31, 2009 (FROM WATER UTILITY - TRIAL BALANCE)

Cash	440,224.42
Investments	
Interfund Accounts Receivable	
Subtotal	440,224.42
Deduct Cash Liabilities Marked with "C" on Trial Balance	290,950.21
Operating Surplus Cash or (Deficit in Operating Surplus Cash)	149,274.21
Other Assets Pledged to Operating Surplus *	
Deferred Charges #	
Operating Deficit #	
Total Other Assets	-
	149,274.21

MAY NOT BE ANTICIPATED AS NON-CASH SURPLUS IN 2010 BUDGET.

* In the case of a "Deficit in Operating Surplus Cash",
"other Assets" would be also pledged to cash liabilities.

APPENDIX E

**PROPOSED FORM OF
BOND COUNSEL OPINION**

APPENDIX E

[Proposed Form of Bond Counsel Opinion]

February __, 2010

Borough Council
The Borough of Allendale
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of \$5,111,000 of bonds consisting of \$4,165,000 aggregate principal amount of General Improvement Bonds and \$946,000 aggregate principal amount of Water Utility Bonds (individually, the "General Improvement Bonds" or the "Water Utility Bonds"; collectively, the "Bonds") by The Borough of Allendale, in the County of Bergen, a municipal corporation of the State of New Jersey (the "Borough"). The Bonds are dated February 15, 2010 and comprise two issues of registered bonds. The Bonds bear interest from their date, payable on each February 15 and August 15, commencing August 15, 2010 (each, an "Interest Payment Date"), in each year until maturity or prior redemption.

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$ 30,000	%	2017	\$ 150,000	%
2012	100,000		2018	175,000	
2013	175,000		2019	450,000	
2014	175,000		2020	550,000	
2015	100,000		2021	1,100,000	
2016	75,000		2022	1,085,000	

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$ 5,000	%	2019	\$ 10,000	%
2012	10,000		2020	10,000	
2013	10,000		2021	10,000	
2014	10,000		2022	10,000	
2015	10,000		2023	125,000	
2016	10,000		2024	225,000	
2017	10,000		2025	250,000	
2018	10,000		2026	231,000	

The Bonds maturing on or before February 15, 2020 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after February 15, 2021 are subject to redemption at the option of the Borough prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after February 15, 2020, upon notice as set forth in the resolutions referred to below at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the Borough determines to optionally redeem a portion of the Bonds prior to maturity, such Bonds so redeemed shall be in such maturities as determined by the Borough, and within any maturity, by lot.

The Bonds are issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended). The General Improvement Bonds are also issued pursuant to five bond ordinances adopted by the Borough Council of the Borough on April 14, 2005 (Ord. No. 05-03, as amended by Ord. No. 07-09 adopted on May 24, 2007), April 27, 2006 (Ord. No. 06-21), April 28, 2008 (Ord. No. 08-09), September 25, 2008 (Ord. No. 08-26) and March 26, 2009 (Ord. No. 09-09) and resolutions adopted by the Borough Council of the Borough on January 14, 2010. The Water Utility Bonds are also issued pursuant to three bond ordinances adopted by the Borough Council of the Borough on December 13, 2007 (Ord. No. 06-20), September 25, 2008 (Ord. No. 08-25) and March 26, 2009 (Ord. No. 09-10) and resolutions

adopted by the Borough Council of the Borough on January 14, 2010.

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

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

As bond counsel, we have examined certified copies of the bond ordinances and resolutions referred to above and related proceedings in connection with the issuance of the Bonds. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below, including the Tax Certificate executed by the Chief Financial Officer of the Borough of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and the exhibits thereto. We have also examined the executed and authenticated first numbered Bond of each issue and have assumed

that all of the other Bonds have been similarly executed and authenticated. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

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

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

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

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

3. Assuming compliance by the Borough with the Tax Certificate, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; nor is it included in "adjusted current

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earnings" for purposes of computing the alternative minimum tax that may be imposed on corporations. In addition, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Bonds and any gain from the sale of the Bonds are not includable in gross income of the holders thereof.

Very truly yours,

Rogut McCarthy LLC