

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 8, 2010

RATING ON THE BONDS: Standard & Poor's: "___" (See "RATING" herein)

In the opinion of GluckWalrath, LLP Bond Counsel, assuming continuing compliance with provisions of the Internal Revenue Service Code of 1986, as amended (the "Code"), applicable to the Bonds and the 2010C Notes, and subject to certain provisions of the Code which are described herein, under laws, regulations, ruling and judicial decisions existing on the date of original delivery of the Bonds and the 2010C Notes, interest received by holders of the Bonds and the 2010C Notes will be excludable from gross income for Federal income tax purposes and will not be treated as a tax preference item for individuals or corporations. However, interest on the Bonds and the 2010C Notes may become taxable retroactively if certain requirements under the Code are not complied with. Under the laws of the State of New Jersey, as enacted and construed on the date of original delivery of the Bonds and the 2010C Notes, interest on the Bonds and the 2010C Notes and any gain from the sale thereof is excludable from gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS – THE BONDS AND THE 2010C NOTES" for a description of certain other provisions of the Code that may affect the federal tax treatment of interest on the Bonds and the 2010C Notes.

No opinion is rendered regarding the Federal income tax treatment of interest on the 2010D Notes. In the opinion of Bond Counsel, interest on the 2010D Notes and any gain from the sale thereof is not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS – THE 2010D NOTES" herein.

**CITY OF ENGLEWOOD
IN THE COUNTY OF BERGEN,
STATE OF NEW JERSEY**

\$4,365,000	\$2,752,540	\$1,179,660
GENERAL IMPROVEMENT BOND, SERIES 2010	BOND ANTICIPATION NOTES, SERIES 2010C	BOND ANTICIPATION NOTES, TAXABLE SERIES 2010D
DATED: DATE OF DELIVERY DUE: AUGUST 15, AS SHOWN ON THE INSIDE FRONT COVER	DATED: JULY 1, 2010 DUE: MAY 6, 2011	DATED: JULY 1, 2010 DUE: MAY 6, 2011
CALLABLE, NOT BANK QUALIFIED	NON-CALLABLE, NOT BANK QUALIFIED	NON-CALLABLE, NOT BANK QUALIFIED TAXABLE

The \$4,365,000 General Improvement Bonds, Series 2010 (the "Bonds"), \$2,752,540 Bond Anticipation Notes, Series 2010C (the "2010C Notes") and \$1,179,660 Bond Anticipation Notes, Taxable Series 2010D (the "2010D Notes" and together with the 2010C Notes (the "Notes"). The Bonds and Notes are collectively referred to herein as the "Obligations" of the City of Englewood, in the County of Bergen, New Jersey (the "City") and will be issued as fully registered securities, one for each maturity of the Obligations, in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Obligations may be made in book-entry form only on the records of DTC and its Participants and only in the principal amount of \$1,000 or any amount in excess thereof. Beneficial Owners of the Obligations will not receive certificates representing their interests in the Obligations. As long as Cede & Co is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

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

Principal on the Bonds is payable on August 15 in each of the years set forth on the inside front cover hereof. Interest on the Bonds will be paid semiannually on the fifteenth day of February and August in each year until maturity, commencing on February 15, 2011. As long as DTC or its nominee Cede & Co. is the registered owner of the Bonds, payment of the principal and interest on the Bonds will be made by the City directly to DTC or its nominee Cede & Co. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding February 1st and August 1st ("Record Dates") for the payment of interest on the Bonds.

The Bonds are subject to redemption prior to maturity. See "THE BONDS – Prior Redemption" herein.

The Notes shall bear interest from July 1, 2010 and shall mature on May 6, 2011. Interest on the Notes will be payable at maturity.

The Notes are not subject to redemption prior to maturity.

The Obligations are offered for delivery when, as and if issued and delivered, subject to prior sale, withdrawal or modification of the offer without notice and subject to the approval of legality by the law firm of GluckWalrath LLP, Trenton, New Jersey, Bond Counsel to the City, and certain other conditions described herein. It is expected that the Obligations will be available for delivery to DTC in New York, New York, on or about July 1, 2010.

**ELECTRONIC SUBMISSIONS FOR THE BONDS WILL BE RECEIVED VIA PARITY
UNTIL 11:00 A.M. ON JUNE 16, 2010**

**ELECTRONIC (VIA PARITY) AND FAXED SUBMISSIONS FOR THE 2010C NOTES WILL BE RECEIVED
UNTIL 11:30 A.M. ON JUNE 16, 2010**

**ELECTRONIC (VIA PARITY) AND FAXED SUBMISSIONS FOR THE 2010D NOTES WILL BE RECEIVED
UNTIL 11:45 A.M. ON JUNE 16, 2010**

\$4,365,000 GENERAL IMPROVEMENT BOND, SERIES 2010

**Maturity Schedule
Interest Rates and Yields**

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>
2011	\$155,000			2021	\$215,000		
2012	155,000			2022	225,000		
2013	160,000			2023	235,000		
2014	165,000			2024	245,000		
2015	170,000			2025	255,000		
2016	175,000			2026	265,000		
2017	185,000			2027	275,000		
2018	190,000			2028	285,000		
2019	200,000			2029	295,000		
2020	205,000			2030	310,000		

\$2,752,540 BOND ANTICIPATION NOTES, SERIES 2010C

The 2010C Notes shall bear interest at the rate of ____% per annum (at a reoffering yield of ____%), which interest is payable on May 6, 2011.

\$1,179,660 BOND ANTICIPATION NOTES, TAXABLE SERIES 2010D

The 2010D Notes shall bear interest at the rate of ____% per annum (at a reoffering yield of ____%), which interest is payable on May 6, 2011.

CITY OF ENGLEWOOD
BERGEN COUNTY, NEW JERSEY

Mayor

Frank Huttle

City Council

Lynn Algrant
Jack Drakeford
Scott Reddin
Ken Rosenzweig
Charlotte Bennett Schoen

City Manager

Daniel W. Fitzpatrick

City Clerk

Lauren Vande Vaarst

Chief Financial Officer

Howard Feinstein

Municipal Attorney

William J. Bailey, Esq.
Westwood, New Jersey

City Auditor

Lerch, Vinci & Higgins, LLP
Fair Lawn, New Jersey

Bond Counsel

GluckWalrath LLP
Trenton, New Jersey

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

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

This Official Statement is deemed final as of the date hereof by the City, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

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

TABLE OF CONTENTS

	<u>Page</u>
Introduction	1
The Bonds	1
The Notes	2
Book-Entry Only	3
Security and Source of Payment	5
No Default	5
Certain Statutory Provisions For The Protection of General Obligation Debt	5
Municipal Budget	8
Tax Information of the City	11
Tax Matters	12
Litigation	14
Municipal Bankruptcy	14
Legality for Investment	15
Approval of Legal Proceedings	15
Continuing Disclosure	15
Rating	15
Preparation of Official Statement	15
Additional Information	16
Miscellaneous	16
Certain Financial and Demographic Information On the City of Englewood	Appendix A
Accountant's Compilation Report and 2009 Financial Statements	Appendix B
Independent Auditors' Report and 2008 Financial Statements	Appendix C
Forms of Bond Counsel Opinions	Appendix D
Forms of Continuing Disclosure Certificates	Appendix E

OFFICIAL STATEMENT

of

CITY OF ENGLEWOOD in the County of Bergen, New Jersey

\$4,365,000 GENERAL IMPROVEMENT BONDS, SERIES 2010, \$2,752,540 BOND ANTICIPATION NOTES, SERIES 2010C AND \$1,179,660 BOND ANTICIPATION NOTES, TAXABLE SERIES 2010D

INTRODUCTION

This Official Statement (the "Official Statement") which includes the cover page and the Appendices attached hereto, has been prepared by the City of Englewood (the "City"), in the County of Bergen (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$4,365,000 General Improvement Bonds, Series 2010 (the "Bonds"), \$2,752,540 Bond Anticipation Notes, Series 2010C (the "2010C Notes") and \$1,179,660 Bond Anticipation Notes, Taxable Series 2010D (the "2010D Notes" and together with the 2010C Notes the "Notes"). The Bonds and the Notes are collectively referred to herein as the "Obligations", all dated their date of delivery. This Official Statement has been executed by and on behalf of the City by its Chief Financial Officer.

This Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

THE BONDS

General Description

The Bonds are dated their date of delivery, and will mature on August 15 in the years and in the principal amounts and will bear interest from their date, payable on each February 15 and August 15, (each, an "Interest Payment Date"), in each year until maturity commencing February 15, 2011, at the rates shown on the inside front cover page hereof. The Bonds are issuable as fully registered book-entry only bonds in the form of one certificate for each year of maturity of the Bonds and in the aggregate principal amount of such maturity.

The Bonds may be purchased in book-entry only form in the amount of any integral multiple of \$1,000 with a minimum purchase of \$1,000 required, through book-entries made on the books and records of The Depository Trust Company, New York, New York ("DTC") and its participants. So long as DTC or its nominee, Cede & Co., (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the City directly to Cede & Co. (or any successor or assign), as nominee for DTC. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of the close of business on February 1 and August 1 (the "Record Dates" for the payment of interest on the Bonds). See "Book-Entry Only System" herein.

Redemption

The Bonds maturing prior to August 15, 2021 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after August 15, 2021 are redeemable at the option of the City in whole or in part on any date on or after August 15, 2020 at 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

Notice of Redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on

the registration books kept for that purpose by the City or a duly appointed Bond Registrar. Any failure of the depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the City determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the City; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

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

Authorization of the Bonds

The Bonds have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), the various bond ordinances of the City, as set forth below, and a resolution adopted by the Council of the City on June 1, 2010 (the "Resolution").

The Bonds are being issued to (i) currently refund \$4,365,000 aggregate principal amount of the City's \$8,365,000 Bond Anticipation Notes, Series 2010A, maturing July 2, 2010 and (ii) pay costs and expenses incidental to the issuance of the delivery of the Bonds. The balance of the notes will be refunded by the Notes and by the 2010 Budget of the City.

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>
03-04	Acquisition of Lincoln and Liberty Schools	\$1,844,916
04-11	Acquisition of Various Equipment	977,500
04-12	Various Capital Improvements	948,154
04-25	Various Capital Improvements	256,500
05-04	Reconstruction of Winthrop Place	<u>337,930</u>
		<u>\$4,365,000</u>

THE NOTES

General Description

The Notes shall be dated and shall bear interest from July 1, 2010 and shall mature on May 6, 2011. The 2010C Notes shall bear interest at the rate of _____% per annum (at a reoffering yield of _____%), which interest is payable at maturity on May 6, 2011. The 2010D Notes shall bear interest at the rate of _____% per annum (at a reoffering yield of _____%), which interest is payable at maturity on May 6, 2011.

The Notes will be issued as fully registered notes of each series in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes (the "Securities Depository"). Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of \$5,000 or any amount in excess thereof. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

Redemption

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

Authorization of the Notes

The Notes have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), and a bond ordinance of the City, as set forth below.

The 2010C Notes are being issued to currently refund \$2,752,540 of the \$8,365,000 aggregate principal amount of the City's Bond Anticipation Notes, maturing July 2, 2010. The 2010D Notes are being issued to currently refund \$1,179,660 of the \$8,365,000 aggregate principal amount of the City's Bond Anticipation Notes, maturing July 2, 2010. The balance of the notes will be funded by the Bonds and through the 2010 Budget of the City.

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>
2010C Notes		
03-04	Acquisition of Lincoln and Liberty Schools	<u>\$2,752,540</u>
2010D Notes		
03-04	Acquisition of Lincoln and Liberty Schools	<u>\$1,179,660</u>

BOOK-ENTRY ONLY SYSTEM

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

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2010 Note and 2010 Bond certificate will be issued for the obligations, each in the aggregate principal amount of the Obligation, 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 the Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of the Obligations ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

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

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City as paying agent (the "Paying Agent"). Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered.

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

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

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

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

Discontinuation of Book-Entry Only System

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

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

SECURITY AND SOURCE OF PAYMENT

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

NO DEFAULT

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

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

The Local Bond Law (N.J.S.A. 40A:2-1et seq.) governs the issuance of bonds and notes to finance certain municipal capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized.

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

This law regulates the non-budgetary financial activities of local governments. An annual, independent audit of the local unit's accounts for the previous year must be performed by a licensed Registered Municipal Accountant. The audit, conforming to the Division of Local Government Services "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures and must be filed with the 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 annual audit report is filed with the City Clerk and is available for review during business hours.

The chief financial officer of every local unit must file annually with the Director a verified statement of financial condition of the local unit and all constituent boards, agencies or commissions.

Debt Limits

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

On December 31, 2009 (Unaudited), the City's percentage of statutory net debt was 0.87% and was comprised of the following:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$46,553,450	\$-0-	\$46,553,450
Local School Debt	<u>22,962,941</u>	<u>22,962,941</u>	<u>-0-</u>
	<u>\$46,553,450</u>	<u>\$22,962,941</u>	<u>\$46,553,450</u>

Exceptions to Debt Limits-Extensions of Credit

The debt limit of the City may be exceeded with the approval of the Local Finance Board. If all or any part of a proposed debt authorization would exceed its debt limit, the City must apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the ability of the City to meet its obligations or to provide essential services, or makes other statutory determinations, approval is granted. In addition, debt in excess of the statutory 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).

Short-Term Financing

The City may issue bond anticipation notes to temporarily finance capital improvements. Bond anticipation notes, which are general obligations of the City, may be issued for a period not exceeding one year and may be renewed annually for one-year periods. Generally, bond anticipation notes may not be outstanding longer than 10 years. Additionally, beginning in the third year and continuing in each year that the notes are outstanding, the amount of notes that may be issued is decreased by the minimum amount required for the first year principal payment of bonds in anticipation of which such notes are issued.

School Debt Subject to Voter Approval

State Law permits the school district, upon approval of the voters, to authorize school district debt, including debt in excess of its independent debt limit of 4% of the equalized valuation basis, by using the available borrowing capacity of the City. If such debt is in excess of the school district debt limit, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

Property Tax Reform

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

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

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

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

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

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

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

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

MUNICIPAL BUDGET

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

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

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

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units. Local budgets, by law and regulation, must be in balance on a "cash basis". No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10).

The principal sources of City revenues are real estate taxes and miscellaneous revenues, including State Aid.

In any year, the municipality may authorize, by resolution, the issuance of tax anticipation notes which may be issued in anticipation of the collection of taxes for such year. Tax anticipation notes, are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty (120) days after the close of the fiscal year.

Real Estate Taxes

The general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to delinquent property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

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

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

$$\frac{\text{Levy required to Balance Budget}}{\text{Prior Year's Percentage of Current Tax Collections (or lesser \%)} = \text{Total Taxes to be Levied}$$

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

Miscellaneous Revenues

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

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof. (N.J.S.A. 40A:4-10). The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

Limitations on Municipal Appropriations and Tax Levy

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 et seq.) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but essentially, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate." The Index Rate is the rate of annual percentage increase, rounded to the nearest one-half percent, 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 things 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. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

Additionally, new legislation constituting P.L. 2007, c.62, effective April 3, 2007, imposes a 4% cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for debt service and certain lease payments to county improvement authorities, increases to replace certain lost state aid, increases in certain pension contributions, increases in the reserve for uncollected taxes required for municipalities, and certain increases in health care costs over 4%. The Local Finance Board may approve waivers for certain extraordinary costs identified by the statute, and voters may approve increases above 4% not otherwise permitted by a vote of 60% of the voters voting on a public question.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the City to levy ad valorem taxes upon all taxable real property within the City to pay debt service on its bonds or notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Deferral of Current Expense

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

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

Budget Transfers

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

Fiscal Year

The City'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 that 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, c. 126, to eliminate the criteria for mandatory change of the fiscal year, but to continue to grant all municipalities the option to change to the State fiscal year. The City 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.

Budget Process

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

Impact of State Fiscal Emergency

On February 11, 2010, Governor Christie signed Executive Order No. 14, declaring that a state of fiscal emergency exists in the State of New Jersey and directing that certain fiscal actions be taken in response to such emergency.

As part of his March 16, 2010 budget address, Governor Christie indicated that his proposed FY 2011 State Budget will recommend a reduction in various forms of municipal aid of \$445 million, including a reduction of approximately \$271.4 million in municipal aid provided under the Consolidated Municipal Property Tax Relief Aid and the Energy Tax Receipts Property Relief Fund programs. In addition, Governor Christie indicated that his proposed FY 2011 State Budget will recommend the elimination of the existing Special Municipal Aid, Extraordinary Aid, Capital City Aid, Consolidated Fund Aid and Regional Efficiency Aid programs, to be replaced by a Transitional Aid to Localities program for temporarily distressed municipalities (the funding for which would be decided under a competitive process, and would represent a 10% reduction from the FY 2010 appropriation for the programs it replaces).

Governor Christie's proposal represents a reduction of approximately 17% in combined COMPTRA and Energy Tax Receipts aid statewide. While the City cannot predict the outcome of the FY 2011 State Budget or of the proposed legislation and constitutional amendment noted above. However, it appears likely that there will be significant reductions in State aid to the City during the State's 2011 fiscal year, with corresponding financial pressures upon the City to offset such reductions through either spending reductions or increased revenues. Projected State aid figures by the Department of Community Affairs (DCA) on March 18, 2010 reflect an approximately 18.95% decrease in COMPTRA and Energy Tax Receipts aid, from \$3,409,372 in State FY 2010 to \$2,763,296 in State FY 2011. In addition, DCA announced that 5% of State FY 2011 aid would be withheld unless the municipality certifies compliance with certain best-practices standards.

Governor Christie also recommended the adoption of an amendment to the State Constitution which would impose an annual tax levy cap of 2½% at both the State and local levels, and pending such adoption the enactment of legislation which would lower the existing 4% municipal tax levy cap to 2½%, limit cap exceptions, permit banking of unused cap and repeal provisions for automatic cap growth to offset decreases in State aid.

TAX INFORMATION OF THE CITY

Tax Collection Procedures

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

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

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any delinquent amount in excess of \$1,500.00. These interest and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. The City has no liens itself. The liens are held by third party borrowers.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the County Board of Taxation on or before the first day of April of the current tax year for review. The County Board of Taxation has the authority after a hearing to decrease the assessment or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as cancelled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey, for 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.

TAX MATTERS

The Bonds and the 2010C Notes

In the opinion of Bond Counsel, assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable to the Bonds and the 2010C Notes and subject to certain provisions of the Code which are described below, under laws, regulations, rulings and judicial decisions existing on the date of the original delivery of the Bonds and the 2010C Notes, interest received by a holder of the Bonds and the 2010C Notes will be excludable from gross income for federal income tax purposes, and will not be treated as a tax preference item for individuals or corporations.

The Code contains a number of provisions that apply to the Bonds and the 2010C Notes, including restrictions relating to the use or investment of the proceeds of the Bonds and the 2010C Notes (or facilities financed by such proceeds) and the payment of certain arbitrage earnings in excess of the "yield" on the Bonds to the Treasury of the United States. Non-compliance with such provisions may result in interest on the Bonds and the 2010C Notes not being excludable from gross income for federal income tax purposes retroactive to the date of issuance of the Bonds and the 2010C Notes. The City has covenanted to comply with these requirements.

Section 265(b) of the Code generally denies to institutions any deduction for that portion of interest expense incurred to purchase or carry tax-exempt obligations. An exception is provided certain small issuers who designate the obligations as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code and, provided certain conditions are met, for obligations the proceeds of which refund obligations which were designated as qualified tax-exempt obligations. Such obligations will be subject to a reduced disallowance rule. The Bonds and the 2010C Notes will not be designated by the City as qualified tax exempt obligations under Section 265(b) of the Code.

Ownership of tax-exempt obligations may also result in collateral federal income tax consequences to certain taxpayers including, without limitation, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

In addition, prospective purchasers should be aware that on May 17, 2006, the President signed into law the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). TIPRA amended Section 6049 of the Code to provide that interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. The provision is effective for interest paid on tax-exempt obligations after December 31, 2005, regardless of when the tax-exempt obligations were issued. Pursuant to Notice 2006-93, backup withholding will be required if the bondholder fails to provide a tax identification number. The new reporting requirement does not in and of itself affect or alter the excludability of such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds and the 2010C Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to Bonds and the 2010C Notes issued prior to enactment. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt obligations. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Bonds and the 2010C Notes involving either the Bonds and the 2010C Notes or other tax-exempt obligations will not have an adverse effect on the tax-exempt status or market price of the Bonds and the 2010C Notes. Each purchaser of the Bonds and the 2010C Notes should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ALL POTENTIAL PURCHASERS OF THE BONDS AND THE 2010C NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATION OF THE TAX CONSEQUENCES UNDER THE CODE.

The 2010D Notes

The following is a general discussion of certain of the anticipated federal tax consequences of the purchase, ownership and disposition of the 2010D Notes by the original purchasers of the 2010D Notes. This discussion is based upon the Code, regulations, rulings and decisions now in effect, all of which are subject to change at any time, possibly with retroactive effect, and does not purport to deal with federal income tax consequences applicable to all categories of investors, some of which will be subject to special rules. This discussion assumes that the 2010D Notes will be held as “capital assets” under the Code and that the 2010D Notes are owned by U.S. Holders (as defined below). Investors should consult their own tax advisors in determining the federal, state, local or other tax consequences to them of purchase, ownership and disposition of the 2010D Notes.

As used herein, the term “U.S. Holder” means a beneficial owner of a Bond that is for United States federal income tax purposes (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any State or any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a court within the United States and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

General

The following is a general discussion of certain of the anticipated federal tax consequences of the purchase, ownership and disposition of the 2010D Notes by the original purchasers of the 2010D Notes. Investors should consult their own tax advisors in determining the federal, state, local or other tax consequences to them of purchase, ownership and disposition of the 2010D Notes.

Interest Income

INTEREST ON THE 2010D NOTES IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. In general, interest paid or accrued on the 2010D Notes will be treated as ordinary income to the owners thereof, and principal payments on such bonds will be treated as a return of capital to the extent of the owner’s basis therein. The City will report annually (or more frequently if required) to owners of record and to the Internal Revenue Service in respect of interest paid on the 2010D Notes.

Backup Withholding

Under the Code, payments on the 2010D Notes may under certain circumstances, be subject to “backup withholding” at a rate equal to the fourth lowest rate of tax applicable under Section 1(c) of the Code. This withholding generally applies if the owner (i) fails to furnish such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnishes an incorrect TIN, (iii) fails to properly report interest, dividends or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide such owner’s securities broker with a certified statement, signed under penalties of perjury, that the TIN is correct and that such Noteholder is not subject to backup withholding. Owners of the 2010D Notes should consult their own tax advisors as to their qualification for exemption for backup withholding and the procedures for obtaining the exemption.

IRS CIRCULAR 230 DISCLAIMER REGARDING THE 2010D NOTES: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, ANY TAX OPINIONS CONTAINED HEREIN WITH RESPECT TO THE 2010D NOTES ARE NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE.

ALL POTENTIAL PURCHASERS OF THE 2010D NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATION OF THE TAX CONSEQUENCES UNDER THE CODE.

State Taxation

Bond Counsel is of the opinion, based upon existing statutes and judicial decisions, that interest on the Bonds and the Notes and net gains from the sale of the Bonds and the Notes are not included as gross income under the New Jersey Gross Income Tax Act. Potential purchasers of the Bonds and the Notes should consult with their tax advisors in order to understand the tax consequences of ownership of the Bonds and the Notes under the laws of other states.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF HOLDING THE BONDS AND THE NOTES. PROSPECTIVE PURCHASERS OF THE BONDS AND THE NOTES SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS AND THE NOTES.

LITIGATION

To the knowledge of the City Attorney, William J. Bailey, Esq., Westwood, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or delivery of the Obligations, or in any manner questioning the authority or the proceeding for the issuance of the Obligations or the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the City or the title of any of the present officers. Moreover, to the knowledge of the City Attorney, no litigation is presently pending or threatened that, in the opinion of the City Attorney, would have a material adverse impact on the financial condition of the City if adversely decided. A certificate to such effect will be executed by the City's Attorney and delivered to the Underwriter at the closing.

MUNICIPAL BANKRUPTCY

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

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of this State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. The powers of the municipal finance commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

LEGALITY FOR INVESTMENT

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

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, sale, issuance and delivery of the Obligations are subject to the approval of GluckWalrath LLP, Trenton, New Jersey, Bond Counsel to the City, whose approving legal opinions will be substantially in the forms provided in Appendix D. Certain legal matters will be passed on for the City by the City Attorney, William J. Bailey, Esq., Westwood, New Jersey.

CONTINUING DISCLOSURE

Pursuant to the requirements of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, the City will deliver concurrently with the delivery of the Obligations Continuing Disclosure Certificates in substantially the forms annexed hereto as Appendix E (the "Continuing Disclosure Certificates"). The City has covenanted for the benefit of the Bondholders, in accordance with the provisions of the Continuing Disclosure Certificates, to provide or cause to be provided, in accordance with the requirements of the Rule, certain financial information and operating data to each National Repository and to the appropriate State Depository, if any (as defined in the Continuing Disclosure Certificates). The City has also covenanted in the Continuing Disclosure Certificates to provide notices of the occurrence of certain enumerated events, if material.

The City is in compliance with previous undertakings specified by paragraph (b)(5)(i) of the Rule.

RATING

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") has assigned their rating of "___" to the Bonds.

The Notes have not been rated by Standard & Poor's.

An explanation of the significance of such rating may be obtained from Standard & Poor's at 55 Water Street, New York, New York 10041. The rating is not a recommendation to buy, sell or hold the Bonds and there is no assurance that such rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by Standard & Poor's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating by Standard & Poor's may have an adverse effect on the market price of the Bonds.

PREPARATION OF OFFICIAL STATEMENT

The City hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects and it will confirm to the purchasers of the Obligations, by certificate signed by the Mayor and Chief Financial Officer, that to their knowledge such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The firm of Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey, Certified Public Accountants and Registered Municipal Accountants, assisted in the preparation of information contained in this Official Statement, and takes responsibility for the financial statements to the extent specified in the Accountants' Compilation Report.

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

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement including information additional to that contained herein, may be directed to, Howard Feinstein, Chief Financial Officer, City of Englewood, 2-10 North Van Brunt Street, Englewood, New Jersey 07631, telephone (201) 871-6615.

MISCELLANEOUS

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

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

The execution and delivery of this Official Statement as of the dated date hereof has been duly authorized by the City.

THE CITY OF ENGLEWOOD,
IN THE COUNTY OF BERGEN,
NEW JERSEY

By /s/ _____
Howard Feinstein
Chief Financial Officer

Dated: June __, 2010

APPENDIX A
CERTAIN FINANCIAL AND DEMOGRAPHIC INFORMATION
ON THE CITY OF ENGLEWOOD

GENERAL INFORMATION

General Information

The City of Englewood is a vibrant full service city encompassing an area of approximately 5 square miles. Englewood's population is a microcosm of a large city with a heterogeneous blend of ethnic groups and national origins.

The City has a strong diversified tax base which includes numerous professional use office buildings in the Grant Avenue/Engle Street corridor the Dean Street area, and adjacent to Van Brunt Street. Englewood has one of the most vibrant retail business districts in New Jersey which has received State wide national recognitions. High quality housing is located throughout the City.

Healthcare is not only a social responsibility but also an important focal point of the business community because of the well respected Englewood Hospital and the many physicians located in the City. Englewood Hospital is a teaching hospital with modern facilities and a highly trained and dedicated staff.

Form of Government

Englewood has the Council-Manager form of government. The City Council has council members with four members elected by ward for staggered three-year terms. The fifth member is elected at large (city-wide) for a three-year term. The Mayor is elected for a three-year term.

The City Manager is appointed by the City Council and is the Chief Executive Officer of the City. Englewood has a highly respected professional staff, which includes Police and Fire Chiefs, Directors of the Departments of Public Works, Recreation, health, Library and Finance.

Englewood's elected officials are fortunate in being able to count on invaluable cooperation from members of the community, many of whom donate their time and talent to serve on various commissions and advisory bodies. The Planning Board works closely with the City Council and City Manager to help promote quality development and redevelopment.

Municipal Services

Englewood's comprehensive municipal services are designed to meet the needs of our residential and diverse commercial/industrial/medical communities.

The Public Safety Group includes the Police, Fire and Code Enforcement functions. The Police Department has uniformed police officers, civilian employees and crossing guards. The Fire Department has uniformed members, dispatchers and civilian support personnel who operate modern up to date equipment. The City has an Ambulance Corps and the Englewood Hospital also has mobile emergency response capabilities.

The Code Enforcement Division's responsible for all Construction Code Inspections as well as, Zoning and Landlord-Tenant Relations Board Administration". The Fire Department administers the City's property maintenance code in close cooperation with the Code Enforcement Division.

Residential refuse is collected twice weekly and the City has an active recycling program which includes the pick-up of glass, aluminum cans, and newspaper.

A City Engineer/Planner is retained by the City to perform all city related engineering and planning functions, including public construction, inspection, land-use planning, and capital project review.

The Recreation Director supervises nine municipal parks, two full-service municipal swimming pools, and two tennis court complexes. The Department sponsors and administers a vast array of programs for City residents to enjoy.

Parks, Recreation and Open Spaces

One of the City's prime concerns is to preserve and improve its environment. Active recreation areas span over 80 acres, and there is a total of 327 acres of open space. Included in the open space is the 150 acre Flat Rock Brook Nature Center which provides a comprehensive environmental education program.

Mackay Park is the City's most important recreation area which is centrally located only two blocks from downtown. It has facilities for jogging, tennis, roller blading, volleyball, soccer, swimming, basketball, softball and passive activities.

Utilities

Electricity and gas are provided by Public Service Electric and Gas and water is supplied by the United Water Company. Englewood has a complete, functional sewer system. Property owners are responsible for their household lateral sewer line. The City of Englewood is responsible for the sewer lines which tie household and commercial property lateral lines to the transmission lines of the Bergen County Utilities Authority. The City has an active sewer maintenance and rehabilitation program. This prevents infiltration, sewerage back-ups and provides greater flow efficiency.

Transportation

The highway system in Bergen County includes freeways, expressways, major arteries and local streets. In Englewood, there are approximately 74 miles of streets and highways. The State of New Jersey accounts for slightly over 3 miles, and Bergen County for a little over 9 miles. The remainder of nearly 62 miles are all city streets, with 61 miles classified as improved.

Englewood is only minutes from the George Washington Bridge and New York City. Route 4, a major east-west artery, runs through Englewood adjacent to the industrial district; Interstate Route 80 is also directly accessible. Other major highways are within short traveling distances.

Two major bus companies offer service to New York City, and major airports and trade centers are easily accessible.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Labor Force, Employment and Unemployment

For the years 2005 to 2009, the New Jersey Department of Labor reported the following annual average employment information for the City of Englewood, the County of Bergen and the State of New Jersey:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
City of Englewood				
2009	15,183	13,942	1,241	8.2%
2008	14,544	13,799	745	5.1%
2007	14,212	13,648	564	4.0%
2006	13,524	12,896	628	4.6%
2005	13,380	12,768	612	4.6%
County of Bergen				
2009	480,500	442,500	38,000	7.9%
2008	477,000	455,600	21,400	4.5%
2007	473,700	457,300	16,300	3.4%
2006	476,200	457,800	18,400	3.9%
2005	470,000	452,400	17,600	3.7%
<u>State of New Jersey</u>				
2009	4,536,700	4,118,400	418,300	9.2%
2008	4,496,700	4,251,200	245,500	5.5%
2007	4,462,300	4,271,700	190,600	4.3%
2006	4,492,800	4,283,600	209,200	4.7%
2005	4,431,600	4,232,800	198,700	4.5%

Source: City of Englewood.

Population

Population trends for the City, County and the State of New Jersey since 1970 are shown below:

<u>Area</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2008</u>
City of Englewood	24,985	23,701	24,850	26,203	29,112
County of Bergen	897,148	845,385	825,380	884,118	894,840
State of New Jersey	7,168,164	7,364,823	7,730,188	8,414,350	8,682,661

Income as of 1999¹

	Median Household <u>Income</u>	Median Family <u>Income</u>	Per Capita <u>Income</u>
City of Englewood	\$ 58,379	\$ 67,194	\$ 35,275
County of Bergen	65,241	78,079	33,638
State of New Jersey	55,146	65,370	27,006

Source: U.S. Census Bureau.

¹
Source: State of New Jersey, Data Center, Money Income – New Jersey & Counties: 1999

BUDGET INFORMATION
Current Fund
(Budget after Modification)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Anticipated Revenues			
Fund Balance	\$ 4,800,000	\$ 5,000,000	\$ 4,800,000
Miscellaneous Revenues	8,438,098	8,062,978	8,223,400
Receipts from Delinquent Taxes	1,350,000	1,350,000	1,350,000
Amount to be Raised by Taxes for Support of Municipal Budget	46,065,583	43,993,945	38,947,178
	<u>\$ 60,653,681</u>	<u>\$ 58,406,923</u>	<u>\$ 53,320,578</u>
Appropriations			
Salaries and Wages	\$ 28,161,169	\$ 26,618,692	\$ 25,118,755
Other Expenses	20,830,450	23,418,519	20,790,714
Deferred Charges and Statutory Expenditures	4,951,780	1,411,047	1,284,935
Capital Improvement Fund	310,000	300,000	300,000
Municipal Debt Service	3,166,129	3,478,075	3,402,503
Judgements			49,000
Local District School Purposes	334,153	355,590	371,028
Reserve for Uncollected Taxes	<u>2,900,000</u>	<u>2,825,000</u>	<u>2,003,643</u>
	<u>\$ 60,653,681</u>	<u>\$ 58,406,923</u>	<u>\$ 53,320,578</u>

Source: City of Englewood.

FINANCIAL INFORMATION

Current Fund Balance and Amounts Utilized in Succeeding Year's Budget

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2009 (Unaudited)	\$ 3,486,697	N/A
2008	5,605,055	\$ 4,800,000
2007	6,057,965	5,000,000
2006	5,460,168	4,800,000
2005	4,847,043	4,479,000

Source: City of Englewood Annual Audit Reports for the years 2005-2008

Source: City of Englewood Annual Financial Statement for the year 2009

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2009 (Unaudited)	\$ 104,424,525	\$ 101,281,570	96.99%
2008	99,880,208	97,560,187	97.68%
2007	93,191,140	90,880,539	97.52%
2006	86,175,435	83,775,765	97.22%
2005	82,704,212	80,397,254	97.21%

Source: City of Englewood Annual Audit Reports and Annual Financial Statement

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2009 (Unaudited)	\$ 70,553	\$ 3,691,016	\$ 3,761,569	3.60%
2008	60,385	3,000,716	3,061,101	3.06%
2007	54,600	3,029,869	3,084,469	3.31%
2006	49,016	2,191,163	2,240,179	2.60%
2005	45,513	2,696,459	2,741,972	3.32%

Source: City of Englewood Annual Audit Reports

Assessed Valuation of Property Owned by the City Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2009 (Unaudited)	\$ 70,979
2008	70,979
2007	70,979
2006	70,979
2005	70,979

Source: City of Englewood Annual Audit Reports.

Ten Largest Taxpayers

The ten largest taxpayers in the City and their 2010 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Englewood Redevelopment	129,000,000
Englewood Terrace LLC	46,500,000
SHG Englewood South I LLC	34,461,200
SHG Englewood South II LLC	29,393,400
S Van Brunt Invest, LLC	20,616,400
Rockwood Property Holding, LLC	19,738,600
Flatrock 3 LLC	17,989,800
Englewood Village LLC	16,103,400
Lackland Partners	15,413,900
Seol Shik Poom, Inc.	15,240,000
	<u>344,456,700</u>

Source: Tax Assessor.

Assessed Valuation Land Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Industrial</u>	<u>Total</u>
2010	\$ 29,171,600	\$ 3,799,690,800	\$ 813,362,800	\$ 210,031,400	\$ 401,489,200	\$ 5,253,745,800
2009	26,685,000	3,808,010,000	838,479,300	193,090,900	408,021,200	5,274,286,400
2008	27,421,700	3,817,259,000	768,746,400	199,250,600	400,016,900	5,212,694,600
2007 ⁽¹⁾	27,778,700	3,737,817,100	750,996,800	147,715,300	318,166,500	4,982,474,400
2006	10,159,600	1,553,886,000	306,751,200	53,899,800	134,244,200	2,058,940,800

(1) Revaluation, effective January 1, 2007

Source: Tax Duplicate.

Assessed Valuations
Net Valuation Taxable

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2010	\$ 5,253,745,800	\$ 9,783,421	\$ 5,263,529,221	N/A	N/A
2009	5,274,286,400	9,853,722	5,284,140,122	95.63%	5,559,848,578
2008	5,212,694,600	9,812,256	5,222,506,856	98.05%	5,359,461,925
2007 ⁽¹⁾	4,982,474,400	9,881,940	4,992,356,340	105.85%	4,749,003,469
2006	2,058,940,800	4,714,313	2,063,655,113	48.68%	4,263,982,337

(1) Revaluation, effective January 1, 2007

Source: Tax Duplicate and Abstract of Ratables of Bergen County

Components of Real Estate Tax Rate
(per \$100 of Assessment)

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u>
2009	\$ 1.968	\$ 0.865	\$ 0.901	\$ 0.202
2008	1.906	0.836	0.880	0.190
2007 ⁽¹⁾	1.840	0.781	0.886	0.173
2006	4.160	1.762	2.025	0.373
2005	4.020	1.688	1.970	0.362

(1) Revaluation, effective January 1, 2007

Source: Tax Collector

DEBT INFORMATION

Debt Statements

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

Debt Incurring Capacity

As of December 31, 2009 (Unaudited)

Municipal

Equalized Valuation Basis (last 3 years average)	\$ 5,356,203,303
3 1/2% Borrowing Margin	187,467,116
Net Debt Issued, Outstanding and Authorized	46,553,450
Remaining Municipal Borrowing Capacity	140,913,666

Local School

4% Borrowing Margin	214,248,132
Debt, Issued, Outstanding and Authorized	22,962,941
Remaining School Borrowing Capacity	191,285,191

Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt</u>	<u>Statutory Net Debt</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Percentage</u>
2009 (Unaudited)	\$ 69,516,391	\$ 46,553,450	0.87%
2008	68,912,775	44,374,433	0.88%
2007	64,348,139	40,949,139	0.89%
2006	64,717,522	39,163,522	0.94%
2005	62,428,435	34,779,435	0.93%

Source: City of Englewood Audit Reports.

Statement of Indebtedness
As of December 31, 2009 (Unaudited)

GENERAL PURPOSES

Bonds Issued and Outstanding	12,725,000	
Bond Anticipation Notes	27,238,850	
Bonds and Notes Authorized But Not Issued	6,589,600	
		\$ 46,553,450

LOCAL SCHOOL

Bonds Issued and Outstanding		<u>22,962,941</u>
------------------------------	--	-------------------

TOTAL GROSS DEBT 69,516,391

STATUTORY DEDUCTIONS

Local School	22,962,941	
		\$ 22,962,941

TOTAL NET DEBT \$ 46,553,450

OVERLAPPING DEBT

County of Bergen (1)	\$ 20,210,698	
County of Bergen Utilities Authority (2)	13,650,005	
		<u>\$ 33,860,703</u>

GROSS DEBT

Per Capita (2008 Census - 29,112)	\$ 2,388
Percent of Net Valuation Taxable (2009 - \$5,284,140,122)	1.32%
Percent of Estimated True Value of Real Property (2009 - \$5,559,848,578)	1.25%

NET MUNICIPAL DEBT

Per Capita (2008 Census - 29,112)	\$ 1,599
Percent of Net Valuation Taxable (2009 - \$5,284,140,122)	0.88%
Percent of Estimated True Value of Real Property (2009 - \$5,559,848,578)	0.84%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2008 Census - 29,112)	\$ 3,551
Percent of Net Valuation Taxable (2009 - \$5,284,140,122)	1.96%
Percent of Estimated True Value of Real Property (2009 - \$5,559,848,578)	1.86%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2009 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.
Source: City of Englewood.

APPENDIX B

**ACCOUNTANTS' COMPILATION REPORT
AND 2009 (UNAUDITED) FINANCIAL STATEMENTS**

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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RALPH M. PICONE, CPA, RMA, PSA

ACCOUNTANTS' COMPILATION REPORT

Honorable Mayor and Members
of the City Council
City of Englewood
County of Bergen, New Jersey

We have compiled the accompanying financial statements – regulatory basis of the City of Englewood, as of and for the year ended December 31, 2009 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

The financial statements for the year ending December 31, 2009 were compiled from the City's unaudited financial statements; the statutory audit report has not been filed.

The City has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State 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 these regulatory accounting practices and the accounting principles generally accepted in the United States of America, although not reasonable determinable, are presumed to be material.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles and the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City of Englewood's financial position – regulatory basis, results of operations and changes in fund balance – regulatory basis, the revenues – regulatory basis and the expenditures – regulatory basis of the various Funds as of and for the year ended December 31, 2009. Accordingly, these financial statements are not designed for those who are not informed about such matters.

By/s/ LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
April 19, 2010

**CITY OF ENGLEWOOD
BALANCE SHEET - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2009 (UNAUDITED)**

	<u>2009</u> (Unaudited)
ASSETS	
<u>Regular Fund</u>	
Cash	\$ 10,151,479
Due from State of New Jersey - Academies @ Englewood	<u>122,445</u>
	<u>10,273,924</u>
Receivables With Full Reserves	
Delinquent Taxes Receivable	3,691,016
Tax Title Liens Receivable	70,553
Foreclosed Property	70,979
Sewer Rents Receivable	199,461
Due from General Capital Fund	<u>3,012</u>
	<u>4,035,021</u>
Deferred Charges:	
Special Emergency	<u>190,400</u>
Total Regular Fund	<u>14,499,345</u>
<u>Grant Fund</u>	
Due from Current Fund - State and Federal Grant Receivable	<u>786,395</u> <u>436,198</u>
Total Grant Fund	<u>1,222,593</u>
Grand Total	<u>\$ 15,721,938</u>

**CITY OF ENGLEWOOD
BALANCE SHEET - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2009 (UNAUDITED)**

2009
(Unaudited)

LIABILITIES, RESERVES AND FUND BALANCE

Regular Fund

Appropriation Reserves	\$ 3,682,174
Reserve for Appropriation Encumbrances	1,074,141
County Taxes Payable - Added and Omitted Taxes	44,571
Reserve Prepaid Taxes	591,849
Reserve for Tax Appeals	451,423
Reserve for Tax Overpayments	774
Reserve for Payment of Debt Service	140,000
Reserve for Codification of Ordinances	12,777
Due to/other Trust Fund	2,542
Due to State & Federal Grants/Funds	786,395
Due to State of New Jersey - Senior Citizens' and Veterans' Deductions	<u>580</u>
	6,787,226
Reserve for Emergency Notes	190,400
Reserve for Receivables and Other Assets	4,035,022
Fund Balance	<u>3,486,697</u>
 Total Regular Fund	 <u>14,499,345</u>
 <u>Grant Fund</u>	
Appropriated Reserves for Federal and State Grants	146,236
Unappropriated Reserves for Federal and State Grants	<u>1,076,357</u>
 Total Grant Fund	 <u>1,222,593</u>
 Grand Total	 <u>\$ 15,721,938</u>

CITY OF ENGLEWOOD
STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

	<u>2009</u> (Unaudited)
REVENUE AND OTHER INCOME REALIZED	
Surplus Anticipated	\$ 4,800,000
Miscellaneous Revenue Anticipated	8,408,574
Receipts from Delinquent Taxes	2,094,265
Receipts from Current Taxes	101,281,570
Non-Budget Revenues	573,609
Other Credits to Income:	
Unexpended Balances of Appropriation Reserves	1,363,495
Prior Year Interfund Returned	<u>20,092</u>
	<u>118,541,605</u>
EXPENDITURES	
Budget Appropriations:	
Operations	
Salaries and Wages	27,929,484
Other Expenses	21,021,422
Capital Improvements	310,000
Municipal Debt Service	3,206,840
Local District School Purposes	334,153
Deferred Charges and Statutory Expenditures	4,951,780
County Taxes	10,055,320
County Open Space Taxes	555,985
Due County for Added Taxes	44,571
Local District School Taxes	47,303,572
Interfund Advances Originating	3,012
Reduction of Receivable from State of NJ	122,447
Prior Year's Senior Citizen/Veterans Deductions Disallowed	1,252
Cancelled Grant Expended	<u>20,125</u>
	<u>115,859,963</u>
Excess in Revenue	2,681,642
Fund Balance, January 1, 2009	<u>5,605,055</u>
	8,286,697
Decreased by:	
Utilization as Anticipated Revenue	<u>4,800,000</u>
Fund Balance, December 31, 2009	<u><u>\$ 3,486,697</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF ENGLEWOOD
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

	<u>Budget After</u> <u>Modification</u>	<u>Actual</u>	<u>Variance</u>
Surplus Anticipated	\$ 4,800,000	\$ 4,800,000	\$ -
Miscellaneous Revenues			
Licenses			
Alcoholic Beverages	55,000	55,989	989
Other	180,000	197,605	17,605
Fees and Permits	58,000	62,731	4,731
Fines and Costs - Municipal Court	650,000	718,995	68,995
Interest and Costs on Taxes	400,000	520,534	120,534
Parking Meters	510,000	532,829	22,829
Interest on Investments and Deposits	430,000	159,842	(270,158)
Recreation Advisory Committee	230,000	252,161	22,161
Fire Prevention Fees	150,000	167,372	17,372
Burglar Alarms	50,000	95,480	45,480
King's Gardens - Payment in Lieu of Taxes	106,000	120,961	14,961
Rock Creek - Lafayette Housing Payment in Lieu of Taxes	235,000	271,894	36,894
Exempt Sewer Charges	300,000	285,295	(14,705)
Parking Garage Fees	200,000	199,713	(287)
Municipal Hotel Tax	130,000	132,408	2,408
EMS Medical Reimbursement Billing			
Consolidated Municipal Property Tax Relief Aid	608,881	608,881	-
Total Regular Fund	2,800,491	2,800,491	-
Uniform Construction Code Fees	690,000	570,668	(119,332)
Public and Private Programs			
Public Health Priority Funding	9,924	9,924	-
Recycling Tonnage Grant	40,194	40,194	-
Drunk Driving Enforcement Fund	6,640	6,640	-
Clean Communities Program	28,282	28,282	-
Total Grant Fund	2,500	2,500	-
	16,765	16,765	-
Grand Total	35,000	35,000	-
Teaneck Local Match - 200 Club of Bergen Cty - Appropriation Grant	17,500	17,500	-
Reach and Teach Program	24,000	24,000	-
JAG Grant	51,247	51,247	-
Bergen County Open Space Grant	155,000	155,000	-
NJ DOT Municipal Aid Program	200,000	200,000	-
FEMA - Firefighters Grant	44,280	44,280	-
Lead Identification & Field Testing	23,395	23,395	-
	8,438,099	8,408,576	(29,523)
Receipts from Delinquent Taxes	1,350,000	2,094,265	744,265
Amount to be Raised by Taxes for Support of			
Municipal Budget - Local Tax for Municipal	45,731,430	45,887,969	156,539
Purposes			
Addition to Local District School Tax	334,153	334,153	-
	46,065,583	46,222,122	156,539
Budget Totals	\$ 60,653,682	\$ 61,524,963	\$ 871,281

See Accompanying Notes to Financial Statements

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balances Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
General Government					
General Administration					
Salaries & Wages	\$ 30,000	\$ 30,000	\$ 30,000	\$ -	
Other Expenses	18,400	18,400	10,816	7,584	
City Manager's Office					
Salaries & Wages	261,729	261,729	244,677	17,052	
Other Expenses	145,500	145,500	102,010	43,490	
City Clerk's Office					
Salaries & Wages	134,276	139,276	132,902	6,374	
Other Expenses	74,000	74,000	57,534	16,466	
Human Resources					
Salaries & Wages	246,494	249,994	248,255	1,739	
Other Expenses	17,000	17,000	10,064	6,936	
Purchasing Department					
Other Expenses	4,000	4,000	227	3,773	
Financing Department					
Salaries & Wages	327,751	327,751	308,757	18,994	
Other Expenses	101,750	101,750	82,875	18,875	
Total Regular Fund					
Salaries & Wages	53,393	53,393	53,365	28	
Other Expenses	31,500	31,500	14,036	17,464	
Assessment of Taxes					
Salaries & Wages	140,201	144,201	140,368	3,833	
Other Expenses	32,800	40,300	39,434	866	
Collection of Taxes					
Salaries & Wages	167,064	171,064	162,735	8,329	
Total Grant Fund	48,550	48,550	26,507	22,043	
Grand Total	47,264	58,264	56,795	1,469	
Other Expenses	514,000	814,000	742,614	71,386	

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Appropriation</u>		<u>Expended</u>		Unexpended Balances <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
Engineering Services					
Other Expenses	109,800	109,800	105,036	4,764	
Community Development Office					
Salaries & Wages	200,211	212,211	209,189	3,022	
Other Expenses	270,500	270,500	226,731	43,769	
Municipal Court					
Salaries & Wages	384,447	354,447	325,042	29,405	
Other Expenses	163,500	163,500	115,692	47,808	
Public Defender	12,000	12,000	7,925	4,075	
Insurance					
Medical and Surgical	4,437,306	4,237,306	3,615,967	621,339	
Other Insurance Premiums	846,000	846,000	755,564	90,436	
Workers Compensation	800,000	800,000	645,847	154,153	
Unemployment Compensation	75,000	75,000		75,000	
Abatement Program				-	
Other Expenses	18,730	18,730		18,730	
Municipal Land Use					
Planning & Land Use				-	
Other Expenses	56,350	76,350	70,244	6,106	
Public Safety					
Fire Division				-	
Salaries and Wages	6,827,242	6,827,242	6,303,549	523,693	
Other Expenses	298,050	298,050	255,182	42,868	
Fire Prevention Division				-	
Salaries and Wages	185,000	185,000	185,000	-	
Other Expenses	5,000	5,000	5,000	-	
Emergency Medical Svcs.				-	
Salaries and Wages				-	
Other Expenses	70,000	70,000	70,000	-	

Grand Total

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
Public Safety					
Police Department					
Salaries & Wages	\$ 12,582,749	\$ 12,582,749	\$ 12,418,838	\$ 163,911	
Other Expenses	757,700	757,700	590,762	166,938	
Emergency Management Services				-	
Other Expenses	58,250	58,250	41,886	16,364	
Emergency Medical Technicians					
Aid to Volunteer Ambulance				-	
Other Expenses	105,000	105,000	105,000	-	
Englewood Emergency Med. Svcs. - Aid	50,000	50,000	43,536	6,464	
Public Works					
Public Works Administration					
Salaries & Wages	226,751	213,566	201,877	11,689	
Other Expenses	59,820	59,820	51,098	8,722	
Public Buildings and Grounds				-	
Other Expenses	157,750	182,750	157,583	25,167	
Shade Tree Department					
Salaries & Wages	196,578	209,578	204,108	5,470	
Other Expenses	32,000	32,000	2,823	29,177	
Road Repairs and Maintenance					
Salaries & Wages	1,048,835	1,108,835	1,087,908	20,927	
Other Expenses	191,700	191,700	182,805	8,895	

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
Central Maintenance Garage					
Salaries & Wages	\$ 339,300	\$ 327,300	\$ 316,999	\$ 10,301	
Other Expenses	430,900	430,900	354,776	76,124	
Construction and Facilities Maint.					
Salaries & Wages	307,168	287,168	265,021	22,147	
Other Expenses	80,000	80,000	40,872	39,128	
Sanitation Collection Costs					
Salaries & Wages	1,313,044	1,213,044	1,114,410	98,634	
Other Expenses	51,150	51,150	19,291	31,859	
Sewer Department					
Salaries & Wages	207,822	157,822	141,004	16,818	
Other Expenses	109,675	109,675	58,141	51,534	
Parks Department				-	
Salaries & Wages	299,929	303,929	298,990	4,939	
Other Expenses	9,200	9,200		9,200	
Community Services Act				-	
Condominium Community Costs	169,922	173,394	173,394		
Health and Human Services				-	
Board of Health					
Salaries & Wages	736,215	696,215	669,179	27,036	
Other Expenses	107,425	147,425	142,083	5,342	
City Physician	24,501	24,501	15,125	9,376	
Dog Regulation				-	
Salaries & Wages	1,500	1,500		1,500	
Other Expenses	40,000	40,000	39,829	171	
Mental Health Advisory Committee	16,500	16,500		16,500	
Contribution to Child Development & Teen Program	58,413	58,413	58,413	-	
Administration of Public Assistance					
Relocation Assistance					
Other Expenses	12,500	12,500	2,731	9,769	-

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balances Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
Recreation					
Recreation Department					
Salaries & Wages	\$ 508,755	\$ 448,755	\$ 437,247	\$ 11,508	
Other Expenses	430,675	490,675	477,062	13,613	
Other Operating Functions					
Terminal Leave Program					
Salaries & Wages	336,559	348,559	344,045	4,514	
Uniform Construction Code Official					
Salaries & Wages	781,663	746,663	712,451	34,212	
Other Expenses	116,975	116,975	82,595	34,380	
Utilities:					
Electricity	315,000	375,000	366,678	8,322	
Telephone and Communications	225,000	225,000	209,503	15,497	
Heating Oil	20,000	20,000		20,000	
Street Lighting	825,000	825,000	738,987	86,013	
Water	35,000	35,000	26,716	8,284	
Fire Hydrant Fees	300,000	325,000	302,552	22,448	
Landfill Dumping Fees (BCUA)	1,305,000	1,155,000	776,571	378,429	
Leaf Disposal Site	<u>175,000</u>	<u>175,000</u>	<u>136,639</u>	<u>38,361</u>	<u>-</u>
Total Operations Within "CAPS"	<u>42,311,732</u>	<u>42,271,019</u>	<u>38,769,467</u>	<u>3,501,552</u>	<u>-</u>
Contingent	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>-</u>
Total Operations Including Contingent - Within "CAPS"	<u>42,319,732</u>	<u>42,279,019</u>	<u>38,769,467</u>	<u>3,509,552</u>	<u>-</u>
Detail:					
Salaries & Wages	27,891,940	27,660,255	26,612,710	1,047,545	-
Other Expenses (Including Contingent)	<u>14,435,792</u>	<u>14,626,764</u>	<u>12,156,756</u>	<u>2,470,008</u>	<u>-</u>

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
DEFERRED CHARGES					
Overexpenditure of Appropriation Reserves					
STATUTORY EXPENDITURES					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 1,025,000	\$ 1,025,000	\$ 967,217	\$ 57,783	
Consolidated Police and Fireman's	48,567	48,567	48,566	1	
Police and Fire Retirement System	3,077,198	3,077,198	3,077,198	-	
Public Employees Retirement Fund	609,315	609,315	609,315		
Defined Contribution Retirement Program	26,500	26,500	26,500	-	-
Total Deferred Charges and Statutory expenditures -					
Municipal Within "CAPS"	4,786,580	4,786,580	4,728,796	57,784	-
Total General Appropriations within "CAPS"	47,106,312	47,065,599	43,498,263	3,567,336	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Bergen County Utilities Authority					
Share of Costs (P.L. 1968c 404) Sewer Charges	2,621,925	2,621,925	2,621,925	-	
Recycling Tax	45,000	45,000	24,232	20,768	
Maintenance of Municipal Free Public Library	2,296,896	2,296,896	2,202,826	94,070	
Stormwater and Water Pollution					
Salaries & Wages	269,229	269,229	269,229		
Other Expenses	25,000	25,000	25,000	-	-
Reserve for Tax Appeals	750,000	750,000	750,000	-	-
Total Other Operations-Excluded from CAPS	6,008,050	6,008,050	5,893,212	114,838	-

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Public and Private Programs Offset by Revenues					
Public Health Priority	\$ 9,924	\$ 9,924	\$ 9,924		
Recycling Tonnage Grant	40,194	40,194	40,194		
Clean Communities Program	28,282	28,282	28,282		
Municipal Alliance on Alcoholism and Drug Abuse	-	16,765	16,765		
Municipal Alliance Local Match	4,191	4,191	4,191		
Drunk Driving Enforcement Fund	6,640	6,640	6,640		
Department of Health - Emergency Preparation Grant	-	2,500	2,500		
200 Club of Bergen Cty - Appropriation Grant	-	35,000	35,000		
Teaneck Local Match - 200 Club of Bergen Cty	-	17,500	17,500		
JAG Grant	-	51,247	51,247		
Reach and Teach	24,000	24,000	24,000		
Lead Identification & Field Testing	-	23,395	23,395		
Bergen County Open Space Grant	155,000	155,000	155,000		
NJ DOT Municipal Aid Program	200,000	200,000	200,000		
FEMA - Firefighters Grant	44,280	44,280	44,280		
FEMA - Firefighters Grant - Local Share	4,920	4,920	4,920	-	\$ -
Total Public and Private Program Offset by Revenues	517,431	663,838	663,838	-	-
Total Operations - Excluded from "CAPS"	6,525,481	6,671,888	6,557,050	\$ 114,838	-
Detail:					
Salaries & Wages	269,229	269,229	269,229	-	-
Other Expenses	6,256,252	6,402,659	6,287,821	114,838	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	310,000	310,000	310,000	-	-
Total Capital Improvements	310,000	310,000	310,000	-	-

CITY OF ENGLEWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balances Cancelled</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 750,000	\$ 750,000	\$ 750,000		
Payment of Bond Anticipation Notes and Capital Notes	455,983	455,983	455,983		-
Interest on Bonds	320,719	361,432	361,432		-
Interest on Notes	845,798	845,798	845,796		2
Interest on Emergency Notes	13,629	13,629	13,629		-
Green Trust Loan Program:					-
Loan Repayments for Principal and Interest					
Capital Lease Obligations Approved Prior to 7/1/2007					
Principal	686,798	686,798	686,798		
Interest	93,202	93,202	93,202	-	-
Total Municipal Debt Service - Excluded from "CAPS"	3,166,129	3,206,842	3,206,840	-	2
DEFERRED CHARGES EXCLUDED FROM "CAPS"					
Special Emergency Authorizations - 5 Years	165,200	165,200	165,200	-	-
Total Deferred Charges-Excluded from "CAPS"	165,200	165,200	165,200	-	-
Total Municipal Appropriations - Local District School Purposes - Excl. from "CAPS"	334,153	334,153	334,153	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	10,500,963	10,688,083	10,573,243	114,838	2
Subtotal General Appropriations	57,607,275	57,753,682	54,071,506	3,682,174	2
Reserve for Uncollected Taxes	2,900,000	2,900,000	2,900,000	-	-
Total General Appropriations	\$ 60,507,275	\$ 60,653,682	\$ 56,971,506	\$ 3,682,174	\$ 2
Adopted Budget		\$ 60,507,275			
Added by N.J.S. 40A:4-87		146,407			
		<u>\$ 60,653,682</u>			

See Accompanying Notes to Financial Statements

**CITY OF ENGLEWOOD
BALANCE SHEET - REGULATORY BASIS - TRUST FUND
AS OF DECEMBER 31, 2009 (UNAUDITED)**

2009
(Unaudited)

ASSETS

ANIMAL CONTROL FUND

Cash	\$ 66,461
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OTHER TRUST FUND

Cash	1,967,524
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Investments	27,924
-------------	--------

Due from Current Fund	2,542
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1,997,990

UNEMPLOYMENT TRUST FUND

Cash	148,293
------	---------

COMMUNITY DEVELOPMENT TRUST

Due from County of Bergen - Community Development Block Grant	230,000
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Total Regular Fund

ASSESSMENT TRUST FUND

Prospective Assessment Funded	10,035,000
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Total Assets	\$ 12,477,744
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Total Grant Fund
Reserve for Assessment & Liens
Grand Total

AS OF DECEMBER 31, 2009 (UNAUDITED)

2009
(Unaudited)

LIABILITIES AND RESERVES**ANIMAL CONTROL FUND**

Due to State of NJ	\$ 15
Reserve For Animal Control Fund Expenditures	<u>66,446</u>
	<u>66,461</u>

OTHER TRUST FUND

Developers Escrow Deposit	525,503
Payroll Deductions Payable	689,802
Reserve for	
TTL Redemption	26,913
EEDC	139,889
Environmental Commission	5,637
Metro One	5,529
Nynex	6,051
EEDC Lease	18,714
Trust Other Investment	27,924
Special Deposits (Premiums,etc.)	550,734
4th of July Fireworks	1,103
National Night Out Program	2
Police Extra Duty	<u>189</u>
	<u>1,997,990</u>

UNEMPLOYMENT TRUST FUND

Reserve for Unemployment Compensation	<u>148,293</u>
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COMMUNITY DEVELOPMENT TRUST

A/R Due FR County	-
Reserve County Comm Dev Auth "08-01"	<u>230,000</u>
	<u>230,000</u>

ASSESSMENT TRUST FUND

Total Grant Fund	8,775,000
Reserve for Assessment & Liens	<u>1,260,000</u>
Grand Total	<u>10,035,000</u>

Total Liabilities and Reserves	<u>\$ 12,477,744</u>
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CITY OF ENGLEWOOD
BALANCE SHEET - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2009 (UNAUDITED)

	<u>2009</u> (Unaudited)
ASSETS	
Cash	\$ 11,997,484
Due From County of Morris-Dening Park	37,500
Due From Palisade South Parking Fee	757,421
Deferred Charges:	
Funded	17,877,186
Unfunded	<u>33,828,450</u>
 Total Assets	 <u><u>\$ 64,498,041</u></u>
 LIABILITIES, RESERVES AND FUND BALANCE	
General Serial Bonds Payable	3,950,000
Bond Anticipation Notes Payable	27,238,850
Bergen County Improvement Authority Capital Lease Payable	13,927,186
Improvement Authorizations :	
Funded	3,035,856
Unfunded	14,711,286
Capital Improvement Fund	268,096
Due to Current Fund	3,012
Reserve For:	
Road Repairs	76,247
UST	45,308
Palisade South	94,977
Parking Lot	7,453
Reconstruction of Waterway Culvert	20,730
Acq. of Police Technology	8,691
Preliminary Expense - Pistol Range	13,000
Preliminary Expense - Liberty School/Ice Rink	38,836
Payment of Loans	40,000
Fund Balance	<u>1,018,513</u>
 Total Liabilities, Reserves and Fund Balance	 <u><u>\$ 64,498,041</u></u>

There were \$6,589,600 of Bonds and Notes Authorized But Not Issued on December 31, 2009 (Unaudited).

CITY OF ENGLEWOOD
STATEMENT OF CHANGES IN FUND BALANCE
REGULATORY BASIS - GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 (UNAUDITED)

	<u>2009</u> (Unaudited)
Balance, January 1	\$ 521,149
Increased by:	
Funded Improvement Authorizations Cancelled	433,941
Premium on Sale of Bond Anticipation Notes	112,423
Reimbursement from County in Excess of Receivable	<u>1,000</u>
	1,068,513
Decreased by:	
Appropriated to Finance Improvement Authorization	<u>50,000</u>
Balance, December 31	<u><u>\$ 1,018,513</u></u>

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
AND 2008 FINANCIAL STATEMENTS**

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
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INDEPENDENT AUDITORS REPORT

The Honorable Mayor and
Members of the City Council
City of Englewood
Englewood, NJ 07631

We have audited the accompanying financial statements-regulatory basis of the various funds of the City of Englewood in the County of Bergen, as of and for the year ended December 31, 2008, as listed in the foregoing table of contents. These financial statements are the responsibility of the City of Englewood's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed below, we conducted our audit 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 City'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 affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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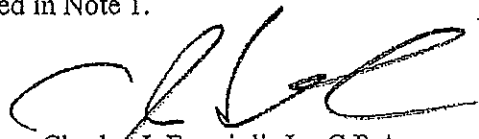
Honorable Mayor and
Members of the City Council
Page 2.

In our opinion, because of the City of Englewood'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 City of Englewood, New Jersey as of December 31, 2008 or the results of its operations for the year then ended.

However, in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position-regulatory basis of the various funds of the City of Englewood, New Jersey at December 31, 2008, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the year then ended, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 10, 2009 on our consideration of the City of Englewood, 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 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 and schedules of expenditure of State and Federal Awards 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, and by OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations and New Jersey OMB Circular 04-04. This information has been subjected to the tests and other auditing procedures applied in the examination 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

July 10, 2009

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CITY OF ENGLEWOOD
Combined Statement of Assets, Liabilities, Reserves and Fund Balances-All Fund Types and Account Groups-Regulatory Basis
December 31, 2008
(With comparative totals for 2007)

	Governmental Funds				General Fixed Asset Account Group	Free Public Library	Totals	
	General Fund	Capital Fund	Debt Service Fund	Trust Funds (1)			Memorandum Only 2008	2007
ASSETS AND OTHER DEBITS								
Cash and Cash Equivalents	12,011,402	13,756,753	58,425	2,238,018		180,819	28,245,417	30,841,278
Investments						71,665		69,931
Receivables and Other Assets:								
Delinquent Property Taxes	3,000,716						3,000,716	3,029,869
Bankruptcy Receivable	3,275						3,275	6,856
Tax Title Liens Receivable	60,385						60,385	54,600
Property Acquired for Taxes-								
Assessed Valuation	70,979						70,979	70,979
Other Accounts Receivable	50,490	777,327		440,766			1,268,583	2,258,164
Interfunds Receivable	20,092						20,092	155,686
Due From County of Bergen		342,504					342,504	342,504
Due From County of Morris		37,500					37,500	37,500
Due from State - Bd of Education Academics @ Englewood	244,892						244,892	367,339
Land								
Building and Building Improvements					1,184,895		1,184,895	1,184,895
Machinery and Equipment					9,005,807		9,005,807	9,005,807
					11,372,287		11,372,287	9,788,271
Deferred Charges to Future Taxation:								
Unfunded		39,355,433					39,355,433	35,549,139
Funded		19,632,984					19,632,984	21,360,016
Deferred Charges:								
Overexpenditure of Appropriation	355,600						355,600	520,800
Emergency Authorization								
Federal and State Grant Fund:								
Interfund Receivable	230,842						230,842	203,893
Federal and State Grants Receivable	552,367						552,367	725,579
TOTAL ASSETS AND OTHER DEBITS	16,601,040	73,902,501	58,425	2,678,784	21,562,989	252,484	115,056,223	115,573,106

CITY OF ENGLEWOOD
Combined Statement of Assets, Liabilities, Reserves and Fund Balances-All Fund Types and Account Groups-Regulatory Basis
December 31, 2008
(With comparative totals for 2007)

	<u>Governmental Funds</u>			<u>Trust Funds (1)</u>	<u>General Fixed Asset Account Group</u>	<u>Free Public Library</u>	<u>Totals</u>	
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Debt Service Fund</u>				<u>Memorandum Only</u>	<u>2007</u>
LIABILITIES, RESERVES AND FUND BALANCE:								
Appropriation Reserves	3,552,868						3,552,868	3,594,697
Improvement Authorizations:								
Funded		2,602,713					2,602,713	3,451,316
Unfunded		15,238,426					15,238,426	17,004,881
Capital Improvement Fund		235,563					235,563	137,349
Bonds and Interest Payable			58,425				58,425	58,425
Due to State - Board of Health								
Other Liabilities and Reserves								
Payroll Deductions Payable								
Investment in General Fixed Assets	3,223,130			2,678,784			5,901,914	6,647,204
Interfund Payables	230,842				21,562,989		21,562,989	19,978,973
Serial Bonds		20,092					20,092	359,579
Bond Anticipation Notes		5,019,000					5,019,000	6,044,000
Capital Lease Payable		35,119,369					35,119,369	32,026,139
Reserve for Receivables and Other Assets		14,613,984					14,613,984	15,316,016
Fund Balance	3,205,936	532,205					3,738,141	3,274,793
Federal and State Grant Fund:	5,605,055	521,149				252,484	6,378,688	6,750,262
Appropriated Reserves	697,831						697,831	856,356
Unappropriated Reserves	85,378						85,378	73,116
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	16,601,040	73,902,501	58,425	2,678,784	21,562,989	252,484	115,056,223	115,573,106

The accompanying Notes To Financial Statements are an integral part of this statement.

(1) Includes Public Assistance, Animal Control

CITY OF ENGLEWOOD
 Combined Statement of Revenues, Expenses and Changes in Fund Balance-Regulatory Basis
 Current Fund
 For the Year Ended December 31, 2008

Revenues:	
Fund Balance Anticipated	\$ 5,000,000
Miscellaneous Revenues	5,004,745
State Aid	3,478,951
State and Federal Grants	592,193
Receipts from Delinquent Taxes	2,021,704
Amount to be Raised by Taxes for Support of Municipal Budget:	
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>44,290,250</u>
Total Budget Revenues	60,387,843
Non-Budget Revenues	2,703,130
Taxes Allocated to School and County	<u>55,488,737</u>
Total Revenues	<u>118,579,710</u>
Expenditures:	
Current Fund Within CAPS:	
General Government	9,388,263
Municipal Land Use	56,350
Public Safety	19,767,710
Public Works	4,828,192
Community Service Act	161,000
Health and Welfare	912,164
Recreation and Education	1,025,291
Unclassified	4,208,577
Deferred Charges and Statutory Expenditures	1,245,847
Contingent	8,000
Current Fund Excluded from CAPS:	
General Government	9,085,096
State and Federal Grants	596,568
Capital Improvements	300,000
Municipal Debt Service	3,468,950
Deferred Charges	165,200
Judgments	
Type I School District Debt Service	355,590
Reserve for Uncollected Taxes	<u>2,825,000</u>
Total Budget Expenditures	58,397,798
Other Expenses	<u>55,634,822</u>
Total Expenditures	114,032,620
Excess in Revenues	4,547,090

CITY OF ENGLEWOOD
 Combined Statement of Revenues, Expenses and Changes in Fund Balance-Regulatory Basis
 Current Fund
 For the Year Ended December 31, 2008

Excess in Revenues over Expenditures (Carried Forward)	4,547,090
Adjustment to Income Before Fund Balance:	
Expenditures included above which are by Statute	
Deferred Charges to Budget of Succeeding Years	<u> </u>
Statutory Excess to Fund Balance	4,547,090
Fund Balance January 1,	<u>6,057,965</u>
	10,605,055
Decreased by:	
Utilized in Budget	<u>5,000,000</u>
Fund Balance December 31,	<u>5,605,055</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

CITY OF ENGLEWOOD
 Combined Statement of Revenues, Expenses and Changes in Fund Balance-Regulatory Basis
 Budget and Actual-Current Fund
 For the Year Ended December 31, 2008

	Budget as Modified	2008 Actual	Variance
Revenues:			
Fund Balance Anticipated	\$ 5,000,000	\$ 5,000,000	\$
Miscellaneous Revenues	4,005,675	5,004,745	999,070
State Aid	3,465,110	3,478,951	13,841
State, Federal and County Grants	592,193	592,193	
Receipts from Delinquent Taxes	1,350,000	2,021,704	671,704
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	43,993,945	44,290,250	296,305
Total Budget Revenues	58,406,923	60,387,843	1,980,920
Other Credits to Income		2,703,130	2,703,130
Taxes Allocated to School and County		55,488,737	55,488,737
Total Revenues	58,406,923	118,579,710	60,172,787
Expenditures:			
Current Fund Within CAPS:			
General Government	9,388,263	9,388,263	
Municipal Land Use	56,350	56,350	
Public Safety	19,767,710	19,767,710	
Public Works	4,828,192	4,828,192	
Community Services Act	161,000	161,000	
Health and Human Services	912,164	912,164	
Recreation and Education	1,025,291	1,025,291	
Other Operating Functions	4,208,577	4,208,577	
Deferred Charges and Statutory Expenditures	1,245,847	1,245,847	
Contingent	8,000	8,000	
Current Fund Excluded from CAPS:			
General Government	9,085,096	9,085,096	
State and Federal Grants	596,568	596,568	
Capital Improvements	300,000	300,000	
Municipal Debt Service	3,478,075	3,468,950	9,125
Deferred Charges	165,200	165,200	
Judgments			
Type I School District Debt Service	355,590	355,590	
Reserve for Uncollected Taxes	2,825,000	2,825,000	
Total Budget Expenditures	58,406,923	58,397,798	9,125
Other Expenses and Charges to Income		55,634,822	(55,634,822)
Total Expenditures	58,406,923	114,032,620	(55,625,697)
Excess in Revenues		4,547,090	

CITY OF ENGLEWOOD
 Combined Statement of Revenues, Expenses and Changes in Fund Balance-Regulatory Basis
 Budget and Actual-Current Fund
 For the Year Ended December 31, 2008

	<u>Budget</u> <u>as Modified</u>	2008 <u>Actual</u>	<u>Variance</u>
			(Continued)
Excess in Revenues over Expenditures (Carried Forward)		4,547,090	
Adjustment to Income Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Years		<u> </u>	
Statutory Excess to Fund Balance		4,547,090	
Fund Balance January 1, 2007		<u>6,057,965</u>	
		10,605,055	
Decreased by:			
Utilized in Budget		<u>5,000,000</u>	
Fund Balance December 31, 2007		<u>\$ 5,605,055</u>	

The accompanying Notes to Financial Statements are an integral part of this statement

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The City of Englewood is located in Bergen County, New Jersey, only minutes from the George Washington Bridge and New York City. The population according to the 2000 census is 26,203.

The City of Englewood was incorporated in 1899 and operates under a Council-Manager form of government. There are five council seats with four council members elected by ward for staggered three-year terms. The fifth council member is elected at large for a three-year term. The Mayor is elected for a three-year term.

Component Units - The financial statements of the component units of the City of Englewood are not presented in accordance with Government Accounting Standards Board Statement No. 14. If the provisions of GASB No. 14 had been complied with, the financial statements of the following component units would have been either blended or discretely presented with the financial statements of the City, the primary government: The Englewood Economic Development Corporation.

Basis of Presentation, Fund Accounting - The financial statements of the City of Englewood contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. 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 City of Englewood accounts for its financial transactions through the following separate funds which differs from the funds required by generally accepted accounting principles (GAAP).

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. The Trust Fund includes the Public Assistance Fund which accounts for receipt and disbursement of funds that provide assistance to certain residents of the City pursuant to Title 44 of New Jersey statutes.

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

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

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

Free Public Library Trust Funds - Receipts, Custodianship and disbursement of monies, which can be used for specific Library purposes and other purposes at the discretion of the Library's Board of Trustees. The operating expenditures of the Library are accounted for in the Current Fund, and fixed assets are accounted for in the General Fixed Asset Account Group.

General Fixed Assets Account Group - Historical cost of fixed assets acquired by the City.

Debt Service Fund - Receipts and disbursements of funds for payment of interest and principal on outstanding debt.

Basis of Accounting - A modified accrual basis of accounting is followed with minor exceptions. Accounting principles prescribed for New Jersey municipalities by the Department of Community Affairs, Division of Local Government Services differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant differences are explained in the following paragraphs.

Budgets and Budgetary Accounting - The City of Englewood must adopt an annual budget in accordance with the N.J.S.A. 40A:4 et al. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the City's financial statements.

Cash and Investments - New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of securities which may be purchased by New Jersey municipal units.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

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

Cash and Investments, (continued)

The cash management plan adopted by the City of Englewood requires it to deposit funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-42 requires government units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

Public funds are defined as the funds of any government unit. Public depositories include banks (both State and national banks), savings and loan institutions and savings banks, the deposits of which are federally insured. All public depositories pledge collateral, having a market value of five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories in the collateral pool, are available to pay the full amount of their deposits to the governmental units.

The City considers petty cash, cash in banks and certificates of deposit with a maturity of three months or less from the original purchase date as cash.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

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

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

Accounting for Governmental Fixed Assets, as promulgated by Technical Accounting Directive No. 2 as issued by the Division of Local Government Services, differs in certain respects from generally accepted accounting principles. The following is a brief description of the provisions of the Directive.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

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

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

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

No depreciation on general fixed assets is recorded in the financial statements.

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

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

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded in the General Fixed Assets account group at the market value at the time of acquisition.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriation reserves are not established under GAAP.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

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

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund balances included in the current fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized as when anticipated as such in the City's budget. Other amounts that are due the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP generally requires that grant revenues be recognized when the actual expenditures financed by the grant is made.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. Property taxes unpaid on April 1 of the year following their final due date are subject to tax sale in accordance with the statutes. The amount of tax levied includes not only the amount required in support of the City's annual budget, but also the amounts required in support of the budgets of the entities that follow. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. GAAP requires such revenue to be recognized when they are available and measurable reduced by an allowance for doubtful accounts.

School Taxes - The municipality is responsible for levying, collecting and remitting school taxes for the City of Englewood School District. Operations is charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1 to December 31.

County Taxes - The municipality is responsible for levying, collecting, and remitting county taxes for the County of Bergen. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, Operations is charged for the County share of Added and Omitted Taxes certified by the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

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

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the City's annual budget protects the City from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations. A Reserve for Uncollected Taxes is not established under GAAP.

Expenditures - 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 the encumbrance accounting system. Outstanding encumbrances at December 31, are recorded as a cash liability. Appropriations for principal payments on outstanding general capital bonds and notes is provided on the cash basis; interest on general capital indebtedness is on the cash basis. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long term debt which is recognized when due.

Compensated Absences and Post-employment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for post-employment benefits, if any, which are also funded on a pay-as-you-go basis. Amounts estimated to be paid to employees in future years are included as gross debt, any funded reserve is shown as a reduction of gross debt. GAAP requires that the amount that would normally be liquidated with expendable financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as long term obligations.

Total Columns on Combined Statements - Total columns are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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 City'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 City's bank balance of \$28,988,591 was exposed to custodial credit risk.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

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

Investments

Investment Rate Risk

The City 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) limit the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limit 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.

New Jersey Cash Management Fund - All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of December 31, 2008, the City had \$12,477,933 on deposit with the New Jersey Cash Management Fund.

Concentration of Credit Risk

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

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 3: PROPERTY TAXES

The following is a comparison of certain statistical information relative to property taxes and property tax collections for the current and previous years.

Comparative Schedule of Tax Rates

	<u>2008</u>	<u>2007⁽¹⁾</u>	<u>2006</u>	<u>2005</u>
Tax Rate	1.881	1.84	4.160	4.020
Apportionment of Tax Rate:				
Municipal	.808	.777	1.629	1.612
County*	.189	.173	.373	.362
Local School	.879	.886	2.044	1.970
B.C.U.A. Sewer Tax	.005	.004	.114	.076

* Includes County Open Space

⁽¹⁾ Revaluation Year

Assessed Valuation:

2008	\$5,222,506,856
2007 ⁽¹⁾	4,992,356,340
2006	2,063,655,113
2005	2,044,264,194

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2008	\$99,880,208	\$97,560,182	97.68%
2007	93,191,140	90,880,539	97.52
2006	86,175,435	83,775,765	97.22
2005	82,704,212	80,397,254	97.21
2004	77,905,199	75,773,166	97.26

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2008	\$60,385	\$3,000,716	\$3,061,101	3.06%
2007	54,600	3,029,869	3,084,469	3.31
2006	49,016	2,191,163	2,240,179	2.60
2005	45,513	2,696,459	2,741,972	3.32
2004	41,490	2,672,230	2,713,720	3.48

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 4: PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2008	\$70,979
2007	70,979
2006	70,979
2005	70,979
2004	70,979

NOTE 5: FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of each year and the amounts utilized in the subsequent year's budget.

Current Fund

<u>Year</u>	<u>Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
2008	\$5,605,055	\$4,800,000	85.64%
2007	6,057,965	5,000,000	82.54
2006	5,460,168	4,800,000	87.91
2005	4,847,043	4,479,000	92.41
2004	5,333,807	4,800,000	89.99

NOTE 6: PENSION PLANS

Description of Systems:

Substantially all of the City'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 Firemen's 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 Firemen's 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.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 6: PENSION PLANS, (continued)

Description of Systems, (continued)

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.

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.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 6: PENSION PLANS, (continued)

Description of Systems, (continued)

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

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.

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.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 6: PENSION PLANS, (continued)

Contribution Requirements, (continued)

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
2008	\$427,210	\$3,095,063
2007	256,358	1,944,974
2006	409,274	1,231,258

NOTE 7: OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 6, the City 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.

Plan Description

The City of Englewood contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 7: OTHER POST EMPLOYMENT BENEFITS, (Continued)

Plan Coverage

Any employee who retires after twenty-five (25) years or more of service within the City shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the cost thereof to be paid by the City. This does not include dental benefits.

Funding Policy Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the City of Englewood on a monthly basis. The rates charges by the system for the year ended December 31, 2008 were as follows:

The City of Englewood contributions to SHBP for post-retirement benefits for the year ended December 31, 2008 was \$722,258 which equaled the required contribution for the year.

NOTE 8: COMPENSATED ABSENCES

City employees are entitled to varying amounts of paid sick leave each year, depending upon the length of service. Unused sick leave may be accumulated and upon retirement is paid at the rate at the time of retirement. Unused vacation leave may be accumulated and carried forward and upon retirement or termination of service is paid at the current pay rate. It is estimated that the cost of such unpaid compensation would be \$4,924,528 as of December 31, 2008.

NOTE 9: LONG TERM DEBT

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

	Balance <u>Dec. 31, 2007</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Amounts Due Within <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$5,400,000	\$	\$700,000	\$4,700,000	\$4,700,000
School Debt	<u>644,000</u>	<u> </u>	<u>325,000</u>	<u>319,000</u>	<u>319,000</u>
	<u>\$6,044,000</u>	<u>\$ -</u>	<u>\$1,025,000</u>	<u>\$5,019,000</u>	<u>\$5,019,000</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 9: LONG TERM DEBT, (continued)

Summary of Debt

	<u>Year 2008</u>	<u>Year 2007</u>	<u>Year 2006</u>
<u>Issued</u>			
General:			
Serial Bonds	\$4,700,000	\$5,400,000	\$6,955,000
Notes	35,119,369	32,026,139	27,749,564
School Purposes:			
Bonds	<u>319,000</u>	<u>644,000</u>	<u>969,000</u>
Total Issued	40,138,369	38,070,139	35,673,564
 <u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	<u>4,236,064</u>	<u>3,523,000</u>	<u>5,363,988</u>
	<u>\$44,374,433</u>	<u>\$41,593,139</u>	<u>\$41,037,552</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicated a statutory net debt of .88%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District	\$24,538,342	\$24,538,342	\$0
General	<u>44,374,433</u>		<u>44,374,433</u>
	<u>\$68,912,775</u>	<u>\$24,538,342</u>	<u>\$44,374,433</u>

Net Debt \$44,374,433 Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended,
\$5,044,482,942 = .88%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$176,556,903
Net Debt	<u>44,374,433</u>
Remaining Borrowing Power	<u>\$132,182,470</u>

The gross debt shown above is not in agreement with the annual debt statement. An amended annual debt statement should be filed.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 9: LONG TERM DEBT, (continued)

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Calendar Year	General		School		Total
	Principal	Interest	Principal	Interest	
2009	\$750,000	\$178,125	\$319,000	\$15,153	\$1,262,278
2010	700,000	150,625			850,625
2011	750,000	126,125			876,125
2012	800,000	98,000			898,000
2013	850,000	68,000			918,000
2014	850,000	34,000			884,000
	<u>\$4,700,000</u>	<u>\$654,875</u>	<u>\$319,000</u>	<u>\$15,153</u>	<u>\$5,689,028</u>

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

Outstanding bonds whose principal and interest are paid from the current fund budget of the City.

	Amount Outstanding
\$6,700,000 General Improvement Bonds dated June 10, 2004 payable in annual installments through July 1, 2014. Interest is paid semiannually at rates of 3.00% to 4.00%.	\$4,700,000
\$3,244,000.00 School Purpose Bonds dated July 15, 1999 payable in annual installments through July 15, 2009. Interest is paid semiannually at a rate of 4.75% per annum.	<u>319,000</u>
	<u>\$5,019,000</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 10: CAPITAL LEASE PAYABLE

On September 20, 2005, the City entered into an agreement with the Bergen County Improvement Authority whereby the Bergen County Improvement Authority issued \$15,316,016 of Capital Appreciation Bonds (Series 2005B). Simultaneously with the issuance of these bonds, the Authority entered into a Borrower Purchase Agreement with the City of Englewood whereby the Authority purchased a Borrower Bond from the City in the principal amount of the bonds issued. Under the Borrower Bond, the City is required to make the loan repayments to the Bergen County Improvement Authority in the amount of principal and interest, if any, on the Bonds. The payments commence September 1, 2008 and continue through September 1, 2021.

<u>Date</u>	<u>Initial Payment</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Accretion</u>	<u>Final Maturity Amount</u>
03/01/09	\$ -	0.000%	0.000%	\$ -	\$ -	\$ -
09/01/09	686,797.80	0.000%	3.250%	88.051	93,202.20	780,000.00
03/01/10	-	0.000%	0.000%	-	-	-
09/01/10	1,065,909.60	0.000%	3.410%	84.596	194,090.40	1,260,000.00
03/01/11	-	0.000%	0.000%	-	-	-
09/01/11	1,023,863.40	0.000%	3.520%	81.259	236,136.60	1,260,000.00
03/01/12	-	0.000%	0.000%	-	-	-
09/01/12	980,015.40	0.000%	3.650%	77.779	279,984.60	1,260,000.00
03/01/13	-	0.000%	0.000%	-	-	-
09/01/13	936,394.20	0.000%	3.770%	74.317	323,605.80	1,260,000.00
03/01/14	-	0.000%	0.000%	-	-	-
09/01/14	894,965.40	0.000%	3.860%	71.029	365,034.60	1,260,000.00
03/01/15	-	0.000%	0.000%	-	-	-
09/01/15	1,496,192.10	0.000%	3.960%	67.701	713,807.90	2,210,000.00
03/01/16	-	0.000%	0.000%	-	-	-
09/01/16	1,420,256.50	0.000%	4.080%	64.265	789,743.50	2,210,000.00
03/01/17	-	0.000%	0.000%	-	-	-
09/01/17	1,349,735.40	0.000%	4.170%	61.074	860,264.60	2,210,000.00
03/01/18	-	0.000%	0.000%	-	-	-
09/01/18	1,285,336.00	0.000%	4.230%	58.160	924,664.00	2,210,000.00
03/01/19	-	0.000%	0.000%	-	-	-
09/01/19	1,219,257.00	0.000%	4.310%	55.170	990,743.00	2,210,000.00
03/01/20	-	0.000%	0.000%	-	-	-
09/01/20	1,156,448.80	0.000%	4.380%	52.328	1,053,551.20	2,210,000.00
03/01/21	-	0.000%	0.000%	-	-	-
09/01/21	<u>1,098,812.00</u>	0.000%	4.430%	49.720	<u>1,111,188.00</u>	<u>2,210,000.00</u>
	<u>\$14,613,983.60</u>				<u>\$7,936,016.40</u>	<u>\$22,550,000.00</u>

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 11: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance December 31, <u>2007</u>	Amount Resulting from 2008	2008 Budget <u>Appropriation</u>	Balance to Succeeding <u>Years</u>
Current Fund:				
Special Emergency	<u>\$520,800</u>	<u>\$ -0-</u>	<u>\$165,200</u>	<u>\$355,600</u>

The City has included the required \$165,200 appropriation in its 2009 budget.

NOTE 12: SCHOOL DEBT

During the year 2000 a referendum was passed changing the Board of Education to a Type II School District. Members of the Board of Education will be elected by the voters. Board of Education budgets and capital expenditures financed by bonds must be approved by the voters. The bonds will be reported on the balance sheet of the Board of Education. Prior to this the Englewood Board of Education was a Type I School District. As such, the members of the Board of Education are appointed by the Mayor and school appropriations are set by a Board of School Estimate and City Council. Bonds and notes authorized by the City Council to finance capital expenditures are general obligations of the City and are reported on the balance sheet of the City's General Capital Fund. Debt service on the school debt is included in the City's budget and is levied as part of the school levy in accordance with State law.

NOTE 13: BOND ANTICIPATION NOTES

The City issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the Notes can not 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 forth and fifth anniversary date of the original issuance.

On December 31, 2008, the City had \$35,119,369 in outstanding general capital bond anticipation notes maturing on July 1, 2009 at an interest rate of 2.75%.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 13: BOND ANTICIPATION NOTES, (continued)

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	<u>\$32,016,139</u>	<u>\$35,119,369</u>	<u>\$32,016,139</u>	<u>\$35,119,369</u>

NOTE 14: TAX APPEALS

There are appeals pending before the State Board of Taxation, requesting a reduction of assessed valuation for years 2001 through 2006. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from the City's tax levy or through the issuance of refunding bonds per N.J.S. 40A:2-51. In accordance with GASB Statement No. 4, "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences," the City charges to Current Fund operations all state board judgments rendered during the year which will be paid from expendable available financial resources.

NOTE 15: DELAYED HEALTH INSURANCE PREMIUMS

The City of Englewood has elected to delay its premiums for two months under the New Jersey State Health Benefits Program. If the City should elect to terminate its participation in the State Health Benefits Program or if the Program ceases to exist, these delayed premiums will become due and payable immediately and will be based on the current rates payable at the time of termination.

The City has not set up a liability for the two month delay on its financial statement.

NOTE 16: OTHER MATTERS

There is \$244,892 due from the State of New Jersey for the equity and excellence plan of the Englewood Public School District (Academies at Englewood Program). This balance should be collected or cancelled.

CITY OF ENGLEWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(CONTINUED)

NOTE 17: DUE TO/FROM OTHER FUNDS

The City has the following interfund receivables and payables at December 31, 2008:

\$20,092	Due to Current from General Capital Fund to reimburse expenditures paid by Current Fund.
<u>230,842</u>	Due Federal and State Grant Fund from Current Fund for grants received in Current Fund.
<u>\$250,934</u>	

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

NOTE 18: PUBLIC ASSISTANCE

The City of Englewood administered the Public Assistance Trust Funds in accordance with Title 44 of New Jersey statutes through May 31, 2000. Subsequent to May 31, 2000 the administration of the Public Assistance Trust Fund was assumed by the County of Bergen.

NOTE 19: CONTINGENT LIABILITIES

We are advised by City Counsel that the City is involved in litigation that is normal for a governmental unit and is covered by the insurance carrier or that would not materially affect the financial position of the City.

NOTE 20: 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:

	Balance <u>Dec 31, 2008</u>	Balance <u>Dec 31, 2007</u>
Prepaid Taxes	<u>\$557,054</u>	<u>\$672,780</u>
Cash Liability for Taxes Collected in Advance	<u>\$557,054</u>	<u>\$672,780</u>

APPENDIX D
FORMS OF BOND COUNSEL OPINIONS

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

_____, 2010

City Council of the
City of Englewood, in the
County of Bergen, New Jersey

Re: City of Englewood, in the County of Bergen, New Jersey
\$4,365,000 General Improvement Bonds, Series 2010

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Englewood, in the County of Bergen, New Jersey (the "City") of its \$4,365,000 General Improvement Bonds, Series 2010 (the "Bonds"). The Bonds are general obligations of the City and the full faith, credit and taxing power of the City is available to pay the principal of and interest on the Bonds. The Bonds are registered as to principal and interest, are issued in fully registered form, and are dated the date of delivery, mature on August 15 in the amounts and in each of the years, and bear interest at the rates set forth in the tables below:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2011	\$155,000		2021	\$215,000	
2012	155,000		2022	225,000	
2013	160,000		2023	235,000	
2014	165,000		2024	245,000	
2015	170,000		2025	255,000	
2016	175,000		2026	265,000	
2017	185,000		2027	275,000	
2018	190,000		2028	285,000	
2019	200,000		2029	295,000	
2020	205,000		2030	310,000	

The Bonds will be initially issued in book-entry form only in the form of one certificate for the aggregate principal amount of Bonds maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$1,000 or any integral multiple thereof through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), a resolution adopted by the City Council on June 1, 2010 (the "Resolution") and Bond Ordinances numbered 03-04, 04-11, 04-12, 04-25 and 05-04 (the "Ordinances"). The Bonds are issued for the purpose of financing general improvements and purposes as set forth in the Ordinances, and to pay a portion of the costs of issuing the Bonds.

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

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

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

1. The Bonds have been duly authorized, issued, executed and sold by the City; the Resolution and the Ordinances have been duly authorized and adopted by the City; and the Bonds, the Resolution and the Ordinances are legal, valid and binding obligations of the City enforceable in accordance with their respective terms.
2. Assuming continuing compliance by the City with the provisions of the Code applicable to the Bonds, and subject to certain provisions of the Code, under laws, regulations, rulings and judicial decisions existing on the date of original issuance of the Bonds, interest received by a holder of the Bonds will be excludable from gross income for federal income tax

purposes and will not be treated as a preference item for purposes of the alternative minimum tax imposed individuals or corporations. However, interest on the Bonds may become taxable retroactively if certain requirements of the Code are not complied with.

3. Under the laws of the State of New Jersey as enacted and construed on the date of original issuance of the Bonds, interest on the Bonds and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.

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

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

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

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

GLUCKWALRATH LLP

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

_____, 2010

City Council of the
City of Englewood, in the
County of Bergen, New Jersey

Re: City of Englewood, in the County of Bergen, New Jersey
\$2,752,540 Bond Anticipation Notes, Series 2010C

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Englewood, in the County of Bergen, New Jersey (the "City") of its \$2,752,540 principal amount of Bond Anticipation Notes, Series 2010C (the "Notes"). The Notes are general obligations of the City and the full faith, credit and taxing power of the City is available to pay the principal of and interest on the Notes. The Notes are issued in fully registered form, are dated _____, 2010, mature on _____, 2011, bear interest at a rate of _____ percent (____%) per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes will be initially issued in fully registered book-entry form only in the form of one certificate in the aggregate amount of the Notes, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Notes. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants and transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or more, through book-entries on the books and records of DTC and its participants.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Local Bond Law"), and a bond ordinance of the issuer numbered 03-04, (the "Ordinance"). The Notes are issued for the purpose of providing funds to refinance various capital improvements as described in the Ordinance (the "Project"). The Project was authorized by the Ordinance.

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

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

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

2. Assuming continuing compliance by the City with the provisions of the Code applicable to Notes, and subject to certain provisions of the Code, under laws, regulations, rulings and judicial decisions existing on the date of original issuance of the Notes, interest received by a holder of the Notes will be excludable from gross income for federal income tax purposes and will not be treated as a tax preference item for purposes of the alternative minimum tax imposed on individuals or corporations. However, interest on the Notes may become taxable retroactively if certain requirements under the Code are not complied with.

3. Under the laws of the State of New Jersey as enacted and construed on the date of original issuance of the Notes, interest on the Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.

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

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

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

Mayor and Council of the City of Englewood,
in the County of Bergen, New Jersey
_____, 2010

Page 3

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

GLUCKWALRATH LLP

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

_____, 2010

City Council of the
City of Englewood, in the
County of Bergen, New Jersey

Re: City of Englewood, in the County of Bergen, New Jersey
\$1,179,660 Bond Anticipation Notes, Taxable Series 2010D

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Englewood, in the County of Bergen, New Jersey (the "City") of its \$1,179,660 principal amount of Bond Anticipation Notes, Taxable Series 2010D (the "Notes"). The Notes are general obligations of the City and the full faith, credit and taxing power of the City is available to pay the principal of and interest on the Notes. The Notes are issued in fully registered form, are dated _____, 2010, mature on _____, 2011, bear interest at a rate of _____ percent (____%) per annum payable at maturity, and are not subject to redemption prior to maturity.

The Notes will be initially issued in fully registered book-entry form only in the form of one certificate in the aggregate amount of the Notes, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Notes. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants and transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of individual purchasers. Individual purchases may be made in the principal amount of \$5,000 or more, through book-entries on the books and records of DTC and its participants.

The Notes are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962 and the acts amendatory thereof and supplemental thereto (the "Local Bond Law"), and a bond ordinance of the issuer numbered 03-04, (the "Ordinance"). The Notes are issued for the purpose of providing funds to refinance various capital improvements as described in the Ordinance (the "Project"). The Project was authorized by the Ordinance.

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

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

1. The Notes have been duly authorized, issued, executed and sold by the City; the Ordinance has been duly authorized and adopted by the City; and the Notes and the Ordinance are legal, valid and binding obligations of the City enforceable in accordance with their respective terms.
2. Under the laws of the State of New Jersey as enacted and construed on the date of original issuance of the Notes, interest on the Notes and gain from the sale thereof are excludable from gross income under the New Jersey Gross Income Tax Act.
3. The power and obligation of the City to pay the Notes is unlimited, and the City shall be required to levy *ad valorem* taxes upon all taxable real property within the City for the payment of the principal of and interest on the Notes without limitation as to rate or amount.

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

Other than as set forth in Paragraph 2 hereof, we express no opinion regarding Federal and other state tax consequences arising with respect to the Notes. No opinion is being rendered with respect to the treatment of interest on the Notes for Federal income tax purposes.

IRS CIRCULAR 230 DISCLAIMER REGARDING THE NOTES: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, ANY TAX OPINIONS CONTAINED HEREIN WITH RESPECT TO THE NOTES ARE NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE.

Mayor and Council of the City of Englewood,
in the County of Bergen, New Jersey
_____, 2010

Page 3

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

GLUCKWALRATH LLP

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Englewood, in the County of Bergen, New Jersey (the "Issuer") in connection with the issuance by the Issuer of \$4,365,000 principal amount of its General Improvement Bonds, Series 2010 (the "Bonds"). The Bonds are being issued pursuant to various bond ordinances (the "Ordinances") duly adopted by the City Council of the Issuer (the "Council") and a resolution duly adopted by the Council on June 1, 2010 (the "Resolution"). The Bonds are dated their date of delivery. The Bonds shall mature on August 15 in the years 2011 through 2030, inclusive. The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Bondholder" shall mean any person who is the registered owner of any Bond, including holders of beneficial interests in the Bonds.

"Continuing Disclosure Information" shall mean: (i) the Annual Report; (ii) any notice required to be filed with the MSRB pursuant to Section 5 hereof; and (iii) any notice of an event required to be filed with the MSRB pursuant to Section 3(c) hereof.

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

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Issuer's fiscal year, commencing with the Annual Report for the fiscal year ending December 31, 2010, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on the MSRB's Internet website, or that has been filed with the SEC.

(b) Not later than fifteen (15) Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting standards (GAAS) as from time to time in effect, and as prescribed by the Division of Local Government Services in the Department of Community Affairs of the State pursuant to Chapter 5 of Title 40A of the New Jersey Statutes. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual

Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. The financial information and operating data set forth in the Official Statement dated _____, 2010 prepared in connection with the sale of the Bonds.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. principal and interest payment delinquencies;
2. non-payment related defaults;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. modifications to rights of Bondholders;
8. optional, contingent or unscheduled Bond calls;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds; and
11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier

than the notice (if any) of the underlying event is given to Bondholders of affected Bonds pursuant to the Resolution.

Section 6. Documents to be Provided in Electronic Format and Accompanied by Identifying Information. The Issuer agrees that each Annual Report and each notice pursuant to Section 5(a), 7 and 9 hereof shall be provided to the MSRB in an electronic format as prescribed by the MSRB, and that all documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), 4, 5(a) or 6, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change

shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Bondholder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and the Bondholders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2010

CITY OF ENGLEWOOD, IN THE
COUNTY OF BERGEN, NEW JERSEY

By: _____
Chief Financial Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Englewood, in the County of Bergen, New Jersey

Name of Bond Issue: \$4,365,000 General Improvement Bonds, Series 2010

Date of Issuance: July 1, 2010

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(a) of the Continuing Disclosure Certificate dated _____, 2010. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

CITY OF ENGLEWOOD, IN THE COUNTY OF BERGEN,
NEW JERSEY

By: _____
Name:
Title:

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Englewood, in the County of Bergen, New Jersey (the "Issuer") in connection with the issuance by the Issuer of its \$2,752,540 aggregate principal amount of its Bond Anticipation Notes, Series 2010C and \$1,179,660 aggregate principal amount of its Bond Anticipation Notes, Taxable Series 2010D (collectively, the "Notes"). The Notes are being issued pursuant to a bond ordinance duly adopted by the City Council. The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Noteholders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter in complying with the provisions of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as the same may be amended from time to time ("Exchange Act").

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Continuing Disclosure Information" shall mean: (i) any notice required to be filed with the Repositories pursuant to Section 4 hereof; and (ii) any notice of an event required to be filed with the Repositories pursuant to Section 3(c) hereof.

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Exchange Act.

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

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

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of New Jersey.

SECTION 3. Reporting of Significant Events.

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

1. principal and interest payment delinquencies.
2. non-payment related defaults.
3. unscheduled draws on the debt service reserves reflecting financial difficulties.
4. unscheduled draws on the credit enhancements reflecting financial difficulties.
5. substitution of the credit or liquidity providers or their failure to perform.
6. adverse tax opinions or events affecting the tax-exempt status of the Notes.
7. modifications to rights of Noteholders.
8. optional, contingent or unscheduled bond calls.
9. defeasances.
10. release, substitution or sale of property securing repayment of the Notes.
11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed

Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Noteholders of affected Notes pursuant to the Resolution. Each notice required to be filed with the MSRB shall be in an electronic format as prescribed by the MSRB, and that all documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 4. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 3(c).

SECTION 5. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners of the Notes.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the same manner as for a Listed Event under Section 3(a), and shall include a narrative explanation of the reason for the amendment or waiver.

SECTION 7. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any notice of

occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 8. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Noteholder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Notes, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

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

Date: _____, 2010

CITY OF ENGLEWOOD, IN THE COUNTY OF
BERGEN, NEW JERSEY

By: _____
Howard Feinstein, Chief Financial Officer