

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

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

\$7,460,000

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

Dated: August 1, 2010**Due: August 1, as shown below**

The General Improvement Bonds (the "Bonds") of the Borough of Wallington, in the County of Bergen, New Jersey (the "Borough"), will be issued as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, with the Bonds immobilized in the custody of DTC. Owners of beneficial interests in the Bonds will not receive physical delivery of bond certificates, but are to receive statements or other evidence of such ownership of beneficial interests from sources from which such interests were purchased. Investors may purchase beneficial interests in the Bonds in book-entry form in the denomination of \$5,000 or any integral multiple thereof. See "THE BONDS – Book-Entry Only System" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will, in turn, remit such payments to the owners of beneficial interests in the Bonds. Principal of the Bonds is payable on August 1 of each of the years set forth below, and interest on the Bonds is payable on each February 1 and August 1, commencing February 1, 2011, in each year until maturity or prior redemption.

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

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

MATURITY SCHEDULE, INTEREST RATES AND YIELDS OR PRICES

<u>Year</u>	<u>Amount Maturing</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year</u>	<u>Amount Maturing</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2011	\$100,000	%	%	2021	\$450,000	%	%
2012	125,000			2022	475,000		
2013	150,000			2023	500,000		
2014	150,000			2024	500,000		
2015	150,000			2025	500,000		
2016	325,000			2026	500,000		
2017	325,000			2027	500,000		
2018	325,000			2028	500,000		
2019	450,000			2029	500,000		
2020	450,000			2030	485,000		

(plus accrued interest from August 1, 2010)

The Bonds are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about August 2, 2010.

**ELECTRONIC BIDS VIA PARITY AND
SEALED PROPOSALS WILL BE RECEIVED
UNTIL 11:00 O'CLOCK A.M. ON JULY 21, 2010
AT THE MUNICIPAL BUILDING
24 UNION BOULEVARD
WALLINGTON, NEW JERSEY 07057**

**BOROUGH OF WALLINGTON
BERGEN COUNTY
STATE OF NEW JERSEY**

MAYOR

Walter G. Wargacki

BOROUGH COUNCIL

Katherine Polten
Robert Ryaby
Stephen Adzima
Kenneth Kanter
Mark Tomko
Christopher Sinisi

BOROUGH ADMINISTRATOR/CLERK

Witold T. Baginski

CHIEF FINANCIAL OFFICER

Charles S. Cuccia

BOROUGH ATTORNEY

Richard C. Cedzidlo, Esq.
Wallington, New Jersey

AUDITOR

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

BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

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

References in this Official Statement to laws, rules, regulations, resolutions, 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 Borough during normal business hours.

The Underwriter has reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough or the Underwriter.

TABLE OF CONTENTS

PAGE

INTRODUCTION	1
THE BONDS	1
SECURITY AND SOURCE OF PAYMENT	4
AUTHORIZATION AND PURPOSE OF THE BONDS	5
QUALIFIED TAX-EXEMPT OBLIGATIONS.....	6
NO DEFAULT	6
MARKET PROTECTION – BOND AND NOTE FINANCING	6
CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT.....	6
GENERAL INFORMATION REGARDING THE BOROUGH.....	9
MUNICIPAL BUDGET	12
ASSESSMENT AND COLLECTION OF TAXES	16
DEBT INFORMATION	20
TAX MATTERS	22
STATEMENT OF LITIGATION.....	23
LEGALITY FOR INVESTMENT	23
RATING	23
UNDERWRITING	23
DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS.....	24
SECONDARY MARKET DISCLOSURE	25
PREPARATION OF OFFICIAL STATEMENT	26
APPROVAL OF OFFICIAL STATEMENT	26
ADDITIONAL INFORMATION.....	26
MISCELLANEOUS	27
 FINANCIAL STATEMENTS	 Appendix A
PROPOSED FORM OF BOND COUNSEL OPINION	Appendix B

**OFFICIAL STATEMENT
OF THE BOROUGH OF WALLINGTON
IN THE COUNTY OF BERGEN, NEW JERSEY
relating to**

\$7,460,000 GENERAL IMPROVEMENT BONDS

INTRODUCTION

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Wallington (the "Borough"), in the County of Bergen (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of \$7,460,000 General Improvement Bonds (the "Bonds"). This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and the Borough Administrator/Clerk and may be distributed in connection with the Bonds.

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

THE BONDS

General Description

The Bonds shall be dated August 1, 2010 and shall mature on August 1 in the years and in the principal amounts as set forth below. The Bonds shall bear interest from their dated date, payable on each February 1 and August 1, commencing February 1, 2011 (each, an "Interest Payment Date"), in each year until maturity or prior redemption at the respective interest rates set forth on the cover page of this Official Statement. Principal of and interest on the Bonds will be paid to The Depository Trust Company, New York, New York ("DTC"), acting as securities depository, by the Chief Financial Officer, acting as "Bond Registrar/Paying Agent". Interest on the Bonds will be credited to the DTC Participants as listed on the records of DTC as of the fifteenth day of the month preceding the month in which such Interest Payment Date occurs (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity and in the principal amount of such maturity. The Bonds will be issued in book-entry form only. Purchases of the Bonds will be made in book-entry form, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Bond Registrar/Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC, which will remit such payments to the participants of DTC which will in turn remit such payments to the owners of beneficial interests in the Bonds. See "Book-Entry Only System" herein.

Maturity Schedule

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2011	\$100,000	2021	\$450,000
2012	125,000	2022	475,000
2013	150,000	2023	500,000
2014	150,000	2024	500,000
2015	150,000	2025	500,000
2016	325,000	2026	500,000
2017	325,000	2027	500,000
2018	325,000	2028	500,000
2019	450,000	2029	500,000
2020	450,000	2030	485,000

Prior Redemption

The Bonds maturing on or before August 1, 2020 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after August 1, 2021 are subject to redemption at the option of the Borough prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after August 1, 2020, upon notice as hereinafter set forth at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

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

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

Book-Entry Only System

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Borough as soon as possible after the Record Date. The

Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

SECURITY AND SOURCE OF PAYMENT

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

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

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds are authorized and are to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended (the "Local Bond Law"). The Bonds also are authorized by various bond ordinances of the Borough set forth below and resolutions adopted by the Borough Council of the Borough on June 24, 2010.

On June 9, 2010, the Borough received the approval of the Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the "Local Finance Board") to issue the Bonds with a maturity schedule that does not conform with N.J.S.A. 40A:2-26(b). Such statute requires that no annual principal installment exceed by more than 100% the amount of the smallest prior installment. The Local Finance Board permitted the Borough to use a maturity schedule for the Bonds with low principal installments in the early years in order to stabilize the Borough's outstanding debt over the next several years.

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

The proceeds of the Bonds will be used (i) to refinance \$6,408,000 of the Borough's outstanding bond anticipation notes maturing on August 6, 2010 and (ii) to provide \$1,052,000 of new money for 2010 ordinances.

The projects to be funded in the sale are listed below:

<u>Ordinance</u>	<u>Description</u>	<u>Amount</u>
2003-15	Maple Ave. Sanitary Sewer Repair	\$117,493
2003-17	Replacement of Sanitary Sewer Line – Armm Avenue	42,258
2003-19	Acquisition of Real Property (36 Union Boulevard)	100,328
2003-20	Replacement of Sanitary Sewer Line – Hathaway Street	103,177
2005-15	Various Improvements to Dul Field	80,319
2006-11	2006 Road Improvement Program	942,052
2007-10	Acquisition of New Vehicle	38,000
2007-12	Acquisition of Real Property (Industrial Latex Property)	4,761,000
2007-13	Acquisition of Real Property (12 Paterson Avenue)	223,373
2010-3	Acquisition of Computer Network Equipment	52,350
2010-7	Refunding of Tax Appeals	49,650
2010-8	Reconstruction or Resurfacing of Various Roads	<u>950,000</u>
	Total Bonds	<u>\$7,460,000</u>

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

NO DEFAULT

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

MARKET PROTECTION – BOND AND NOTE FINANCING

The Borough does not contemplate issuing any additional bonds, bond anticipation notes or tax anticipation notes during the balance of 2010.

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

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

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

An independent examination of the Borough's accounts must be performed annually 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 units 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.

Debt Limits

The net authorized bonded indebtedness of the Borough is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its average equalized valuation basis. The equalized valuation basis of the Borough is set by statute as the average for the last 3 years of the equalized value of all taxable real property and improvements and certain Class II railroad property within its boundaries, as annually determined by the State Board of Taxation. Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

The Borough has not exceeded its statutory debt limit. On December 31, 2009, the statutory net debt as a percentage of average equalized valuation was 0.70%. As noted above, the statutory limit is 3.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Purposes	\$8,396,455	\$-0-	\$8,396,455
School Purposes	3,313,607	3,313,607	-0-
Utility Purposes	<u>851,566</u>	<u>851,566</u>	<u>-0-</u>
	<u>\$12,561,628</u>	<u>\$4,165,173</u>	<u>\$8,396,455</u>

Exceptions to Debt Limits - Extensions of Credit

The Borough may exceed its debt limit with the approval of the Local Finance Board. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. Bond anticipation notes may be issued for periods not greater than one year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. At the third and at each subsequent anniversary date from the original date of issuance, the amount of notes that may be issued must be decreased by the minimum amount required for the first year's principal payment for a bond issue.

School Debt (N.J.S.A. 18A:24-1 et seq.)

New Jersey's school districts operate under the same comprehensive review and regulation as do its municipalities. Certain exceptions and differences are provided, but the state supervision of school finance closely parallels that of local governments.

School district bonds and temporary notes are issued in conformity with the cited statute, which closely parallels the Local Bond Law. Although school districts are exempted from the 5% down payment provision applicable to municipalities, they are subject to debt limits (which vary depending on the grades the school system provides), and to state regulation of their borrowing.

The Local Finance Board and the Commissioner of Education must approve any proposed authorization of debt which exceeds the statutory debt limit of a Type II district. A Type II school district has an elected board of education; a Type I school district has an appointed board and issues debt without a referendum. All authorizations of debt in a Type II school district require an approving referendum of the voters in the school district. The Borough's school district is a Type II district.

All authorizations of debt must be reported to the Division of Local Government Services by means of a Supplemental Debt Statement prior to final approval to ensure that the proposed authorization is within all applicable debt limitations.

The School Bond Reserve Act, Chapter 72 of the Laws of 1980 of the State, as amended, devotes a portion of the Fund for the Support of Free Public Schools as security for payment of school bonds.

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

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

The Municipal Finance Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for 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.

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.

Investment of Municipal Funds

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

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

The Borough has no investments in derivatives.

GENERAL INFORMATION REGARDING THE BOROUGH

Size and Geographical Location

The Borough of Wallington is a medium sized residential and industrial community located in the southeastern part of Bergen County, New Jersey approximately 8 miles west of New York City. The Borough is situated between the Cities of Passaic and Garfield and the Boroughs of Carlstadt, Wood-Ridge and East Rutherford. The area of the Borough is approximately one square mile in size.

Form of Government

Wallington was incorporated in 1896 under the borough form of government. There is a Mayor and a Council, composed of six members. The Mayor is elected to serve a four-year term and may succeed that term by re-election. He is empowered, amongst his legal powers as head of the municipal government, to: (i) provide for the proper execution of local and State laws; (ii) recommend to the Borough Council measures he deems in the best interest of the Borough (iii) nominate and, with the advice and consent of the Borough Council, appoint most subordinate officers of the Borough; and (iv) maintain peace and order. Although he presides over meetings of the Borough Council, the Mayor votes only in case of a tie. State law requires that he be a member of the Planning Board and the Board of Trustees of the municipal Public Library.

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

Transportation

Railroad transportation is provided by New Jersey Transit which is easily accessible at the Borough of Rutherford. In addition, there are bus transportation facilities which provide excellent service throughout the metropolitan area.

Borough residents have quick and easy access to all parts of New Jersey and New York via Routes 3, 46 and 80, the Garden State Parkway and the New Jersey Turnpike.

Protection

The Wallington Police Department consists of 21 police officers, inclusive of one chief and one detective. In addition, there is a civilian Police Director. The department operates five marked and two unmarked vehicles.

The Fire Department consists of 73 volunteers and 3 firehouses. Also available in the Borough is an Emergency Squad.

Sanitation

Garbage is collected by a private sanitation service and is funded through the Borough's budget. The Borough is completely sewerred and utilizes the Passaic Valley Sewerage Commissioners for sewage treatment.

Utilities

Gas and electric are furnished by the Public Service Electric and Gas Company. Water is supplied to the Borough's Water Utility by United Water Resources (New Jersey) and the Passaic Valley Water Commission.

Recreation

The Borough has a year round community recreation program and operates four parks: Dul Field, a baseball and soccer field; Hathaway St. Park, a playground for children; Crescent Road Park and Samuel Nelkin County Park.

Education

The Borough's school district, coterminous with the Borough, is a type II school district, and is an independent legal entity administered by a nine member Board of Education elected by the voters of the school district. The school district is not a part of any regional or consolidated school district, and neither receives nor sends students, except for a limited number of special education students. The school district is authorized by law to issue debt for school purposes upon a vote of the electorate. The school system is comprised of three-schools, a kindergarten through third grade school, a kindergarten through sixth grade school, and a seventh through twelfth grade school.

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 Borough of Wallington, 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>
<u>Borough of Wallington</u>				
2009	6,885	6,044	841	12.2%
2008	6,684	6,219	465	7.0%
2007	6,596	6,242	354	5.4%
2006	6,658	6,258	400	6.0%
2005	6,908	6,519	389	5.6%
<u>County of Bergen</u>				
2009	480,500	442,500	38,000	7.9%
2008	477,000	455,600	21,400	4.5%
2007	473,600	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	4,431,500	4,232,800	198,700	4.5%

Source: Borough of Wallington.

Population

Population trends for the Borough, 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>
Borough of Wallington	10,284	10,741	10,828	11,583	11,296
County of Bergen	897,148	845,385	825,380	884,118	894,840
State of New Jersey	7,171,112	7,365,011	7,730,188	8,414,350	8,682,661

Source: U.S. Census Reports.

MUNICIPAL BUDGET

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.) the Borough 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. Every local unit must adopt a 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 ("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. Tax anticipation notes are limited in amount by law and must be paid in full within 120 days of the close of the fiscal year. The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

Limitations on Municipal Appropriations and Tax Levy

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

Chapter 62 of the Pamphlet Laws of 2007 imposed restrictions upon the allowable annual increase in the tax levy. In general, starting with the 2008 budgets for calendar year municipalities and 2009 budgets for fiscal year municipalities, municipalities have their tax levies limited to a four percent (4%) increase. The cap calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required to be added to the adjusted tax levy for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the percentage increase in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a municipality to submit a public question to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase

the amount to be raised by taxation by more than the allowable adjusted tax levy.

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

The Borough's proposed appropriation and tax levy increases for 2010 are within the limits allowed under the CAP Law, taking into account applicable adjustments and without requesting any waivers from the Local Finance Board.

Miscellaneous Revenues

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

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation of like amount. The fiscal years for such grants rarely coincide with the municipality's fiscal year. However, grant revenue is generally not realized until received in cash.

Real Estate Taxes

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

N.J.S.A. 40A:4-41 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."

This provision and N.J.S.A. 40A:4-40 require that an additional amount (the "reserve for uncollected taxes") be added to the tax levy 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:

Levy required to balance budget = Total Taxes to be Levied
Prior Year's Percentage of Current Tax Collection (or lesser %)

.

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

Deferral of Current Expenses

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of the municipality. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, property revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may be transferred during the first three (3) months of the year to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body, however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to approval by the governing body.

Operation of Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Fiscal Year

The Borough's fiscal year is a 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

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 Borough did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

Budget Process

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

BUDGET INFORMATION Current Fund (As Adopted)

	<u>2010⁽¹⁾</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Anticipated Revenues					
Fund Balance	\$ 273,800	\$ 153,800	\$ 529,000	\$ 600,000	\$ 165,000
Miscellaneous Revenues	1,632,998	2,997,676	3,078,126	3,058,265	3,430,872
Receipts from Delinquent Taxes	400,000	257,884	225,000	215,000	197,999
Amount to be Raised by Taxes for Support of Municipal Budget	<u>7,530,282</u>	<u>7,054,697</u>	<u>6,532,594</u>	<u>6,105,146</u>	<u>5,666,104</u>
	<u>\$ 9,837,080</u>	<u>\$ 10,464,057</u>	<u>\$ 10,364,720</u>	<u>\$ 9,978,411</u>	<u>\$ 9,459,975</u>
Appropriations					
Salaries and Wages	\$ 3,173,842	\$ 3,110,361	\$ 3,112,347	\$ 2,979,119	\$ 2,874,148
Other Expenses	5,018,588	5,619,035	5,901,462	5,736,843	5,462,939
Deferred Charges and Statutory Expenditures	562,181	623,734	428,329	231,245	170,278
Cash Deficit of Preceding Year		32,633			
Capital Improvement Fund	40,000	40,000	40,000	40,000	40,000
Municipal Debt Service	566,999	627,094	522,582	541,204	462,610
Reserve for Uncollected Taxes	<u>475,470</u>	<u>411,200</u>	<u>360,000</u>	<u>450,000</u>	<u>450,000</u>
	<u>\$ 9,837,080</u>	<u>\$ 10,464,057</u>	<u>\$ 10,364,720</u>	<u>\$ 9,978,411</u>	<u>\$ 9,459,975</u>

⁽¹⁾ 2010 Budget as Introduced

Source: Borough of Wallington.

Capital Budget

In accordance with the Local Budget Law, the Borough 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 of 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 items were detailed.

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	\$ 512,090	\$ 273,800 ⁽¹⁾
2008	637,221	153,800
2007	1,166,221	529,000
2006	1,123,981	600,000
2005	584,766	165,000

⁽¹⁾ Budget as introduced.

Source: Borough of Wallington Annual Audit Reports.

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

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

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety

bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

Tax Appeals

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

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2009	\$ 21,201,235	\$ 20,683,597	97.55%
2008	20,318,240	19,852,594	97.70%
2007	19,159,324	18,839,899	98.33%
2006	17,827,165	17,511,649	98.23%
2005	16,511,450	16,222,935	98.25%

Source: Borough of Wallington Annual Audit Reports

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	\$ 11,526	\$ 608,377	\$ 619,903	2.92%
2008	1,261,996	437,743	1,699,739	8.37%
2007	1,261,996	225,715	1,487,711	7.76%
2006	1,180,607	230,332	1,410,939	7.91%
2005	1,104,418	204,866	1,309,284	7.93%

Source: Borough of Wallington Annual Audit Reports

Ten Largest Taxpayers

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

<u>Taxpayer</u>	<u>Assessment</u>
Mt Pleasant Village Investments LLC	\$ 30,500,000
Jasontown Apartments LLC	24,600,000
Farmland Dairies	22,500,000
Jasontown II Associates	22,440,000
Wallington Plaza LLC	16,500,000
Wallington Self Storage LLC	9,081,700
480 Main Ave. Associates LLC	6,270,500
460 Main Ave. Wallington LLC	6,081,300
The Wallington Group, LLC	5,575,000
Wallington Ind. Dev. 2 Assoc. L.P.	5,500,000
	<u>\$ 149,048,500</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	\$ 9,487,600	\$ 887,642,800	\$ 148,426,900	\$ 95,700,800	\$ 57,358,000	\$ 1,198,616,100
2009	11,335,200	886,606,200	143,724,900	98,700,800	59,539,900	1,199,907,000
2008 ⁽¹⁾	8,502,900	888,727,800	145,055,200	98,700,800	59,260,700	1,200,247,400
2007	6,491,400	385,742,700	65,152,700	43,770,700	29,627,700	530,785,200
2006	4,715,900	384,231,900	64,869,100	43,804,700	29,587,700	527,209,300

(1) Revaluation of Property, effective January 1, 2008

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	\$ 1,198,616,100	\$ 2,197,330	\$ 1,200,813,430	103.15%	\$ 1,171,151,635
2009	1,199,907,000	730,032	1,200,637,032	98.33	1,228,156,856
2008 ⁽¹⁾	1,200,247,400	730,032	1,200,977,432	99.71	1,211,372,862
2007	530,785,200	341,845	531,127,045	48.44	1,102,554,908
2006	527,209,300	385,452	527,594,752	55.35	958,986,676

⁽¹⁾ The Borough underwent a revaluation of real property which became effective January 1, 2008.

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	\$ 1.764	\$ 0.587	\$ 0.980	\$ 0.197
2008 ⁽¹⁾	1.691	0.544	0.959	0.188
2007	3.600	1.168	2.065	0.367
2006	3.370	1.083	1.955	0.332
2005	3.130	0.980	1.837	0.313

⁽¹⁾ The Borough underwent a revaluation of real property which became effective January 1, 2008.

Source: Tax Collector

**Apportionment of Tax Levy
(Including School and County Purposes)**

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>County</u>	<u>Local School</u>
2009	\$ 21,201,235	\$ 7,333,380	\$ 2,350,649	\$ 11,517,206
2008	20,318,240	6,558,843	2,242,191	11,517,206
2007	19,159,324	6,181,936	2,007,860	10,969,528
2006	17,827,165	5,712,210	1,800,037	10,314,918
2005	16,511,450	5,160,618	1,681,930	9,668,902

Source: Tax Collector

DEBT INFORMATION

Debt Statements

The Borough 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 Borough must file an Annual Debt Statement with the Division. This report is made under oath and states the authorized, issued and unissued debt of the Borough as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

Debt Incurring Capacity As of December 31, 2009

Municipal	
Equalized Valuation Basis (last 3 years average)	\$ 1,194,560,615
3 1/2% Borrowing Margin	41,809,622
Net Debt Issued, Outstanding and Authorized	8,396,455
Remaining Municipal Borrowing Capacity	33,413,167
Local School	
3% Borrowing Margin	35,836,818
Debt Issued, Outstanding and Authorized	3,313,607
Remaining School Borrowing Capacity	32,523,211

Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt</u> <u>Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
2009	\$ 12,561,628	\$ 8,396,455	0.70%
2008	13,279,847	8,726,044	0.74%
2007	16,432,555	8,922,736	0.81%
2006	9,724,279	4,593,007	0.48%
2005	8,820,075	3,715,197	0.45%

Source: Borough of Wallington Audit Reports and 2009 Annual Debt Statement.

Statement of Indebtedness
As of December 31, 2009

GENERAL PURPOSES

Bonds Issued and Outstanding	\$ 1,827,000	
Bond Anticipation Notes	6,407,966	
Loans	149,544	
Bonds and Notes Authorized But Not Issued	<u>11,945</u>	
		\$ 8,396,455

LOCAL SCHOOL

Bonds Issued and Outstanding		3,313,607
------------------------------	--	-----------

WATER UTILITY

Bonds Issued and Outstanding	598,313	
Bond Anticipation Notes	<u>253,253</u>	
		<u>851,566</u>

TOTAL GROSS DEBT 12,561,628

STATUTORY DEDUCTIONS

Local School	3,313,607	
Water - Utility	<u>851,566</u>	
		<u>4,165,173</u>

TOTAL NET DEBT \$ 8,396,455

OVERLAPPING DEBT

County of Bergen	\$ 4,464,493	
Passaic Valley Sewer Commission	<u>1,998,655</u>	
		<u>\$ 6,463,148</u>

GROSS DEBT

Per Capita (2008 Census - 11,296)	\$ 1,112
Percent of Net Valuation Taxable (2010 - \$1,200,813,430)	1.05%
Percent of Estimated True Value of Real Property (2010 - \$1,171,151,635)	1.07%

NET MUNICIPAL DEBT

Per Capita (2008 Census - 11,296)	\$ 743
Percent of Net Valuation Taxable (2010 - \$1,200,813,430)	0.70%
Percent of Estimated True Value of Real Property (2010 - \$1,171,151,635)	0.72%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2008 Census - 11,296)	\$ 1,684
Percent of Net Valuation Taxable (2010 - \$1,200,813,430)	1.58%
Percent of Estimated True Value of Real Property (2010 - \$1,171,151,635)	1.62%

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: Borough of Wallington.

TAX MATTERS

Federal Income Taxes

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

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

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

Tax Opinions

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

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

Additional Federal Income Tax Consequences

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

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

STATEMENT OF LITIGATION

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

LEGALITY FOR INVESTMENT

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

RATING

Standard & Poor's U.S. Public Finance Ratings ("Standard & Poor's") has assigned a rating of "____" to the Bonds.

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

UNDERWRITING

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

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

Legal Matters

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

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

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

Certificates of Borough Officials

The original purchasers of the Bonds shall also receive a certificate, dated as of the date of delivery of the Bonds and signed by the Chief Financial Officer and the Borough Administrator/Clerk certifying that (a) as of the date of the Official Statement furnished by the Borough in relation to the Bonds, said Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the Borough is not guaranteed as to accuracy, completeness or fairness, such officers have no reason to believe and do not believe that such information is materially inaccurate or misleading, and (b) to the knowledge of such officers, since the date of said Official Statement and since the date of the sale of the Bonds, there have been no material transactions not in the ordinary course of affairs entered into by the Borough and no material adverse change in the general affairs of the Borough or in its financial condition as shown in said Official Statement, other than as disclosed in or contemplated by said Official Statement, provided such certificate shall not include consideration of information supplied by, or that should have been supplied by, the successful bidders for the Bonds. In addition, the original purchasers of the Bonds shall also receive

certificates in form satisfactory to Rogut McCarthy LLC, Bond Counsel, evidencing the proper execution and delivery of the Bonds and receipt of payment therefore and a certificate, dated as of the date of delivery of the Bonds and signed by the officers who signed the Bonds, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of taxes to pay the Bonds or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds are issued, and that neither the corporate existence or boundaries of the Borough, nor the title of the said officers to their respective offices, is being contested.

SECONDARY MARKET DISCLOSURE

The Borough has agreed, pursuant to a resolution adopted on June 24, 2010, to undertake for the benefit of the Bondholders and the beneficial owners of the Bonds to provide certain secondary market disclosure information pursuant to Rule 15c2-12. Specifically, the Borough will do the following for the benefit of the holders of the Bonds and the beneficial owners thereof:

(A) Not later than seven months after the end of the Borough's fiscal year (presently December 31), commencing with the report for the fiscal year ending December 31, 2010, provide or cause to be provided to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format, as prescribed by the MSRB, annual financial information with respect to the Borough consisting of (i) audited financial statements (or unaudited financial statements if audited financial statements are not then available by the date of filing, which audited financial statements will be delivered when and if available) of the Borough and (ii) certain financial information and operating data consisting of (a) information concerning the Borough's debt, overlapping indebtedness, tax rate, levy and collection data, property valuation and fund balance of the type contained under the headings "Municipal Budget", "Tax Information of the Borough" and "Debt Information of the Borough", and (b) the Borough's most recent adopted budget. The audited financial statements will be prepared in accordance with mandated State statutory accounting principles, as in effect from time to time. Audited financial statements if not available by the filing date will be submitted separately when available.

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

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

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

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

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

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

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

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

PREPARATION OF OFFICIAL STATEMENT

The firm of Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey, Certified Public Accountants, takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report.

The firm of Lerch, Vinci & Higgins, LLP, assisted in the preparation of information contained in this Official Statement and information has been obtained from sources which Lerch, Vinci & Higgins, LLP, considers to be reliable but they make no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

APPROVAL OF OFFICIAL STATEMENT

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to the Borough of Wallington, 24 Union Boulevard, Wallington, New Jersey, Charles S. Cuccia, Chief Financial Officer, (973) 777-0318.

MISCELLANEOUS

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

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

BOROUGH OF WALLINGTON

By: /s/
Charles S. Cuccia
Chief Financial Officer

Dated:

By: /s/
Withold T. Baginski
Borough Administrator/Clerk

APPENDIX A
FINANCIAL STATEMENTS

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17-17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Wallington
Wallington, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds of the Borough of Wallington as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Borough of Wallington's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the fourth paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Wallington's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Borough 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 accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In addition, the financial statements of the Length of Service Award Program (LOSAP) Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 42 percent and 28 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2009 and 2008.

INDEPENDENT AUDITORS' REPORT (Continued)

In addition, the notes to the Borough's financial statements do not disclose the other post employment benefit obligations related to post-retirement medical benefits provided to its eligible retirees and their dependents as required by Government Accounting Standards Board Statement Number 45 and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Wallington as of December 31, 2009 and 2008, or the changes in its financial position, or, where applicable, its cash flows for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited and, except for the omission of the note disclosure regarding the other post employment benefit obligations, as described in the fifth paragraph, the financial statements - regulatory basis referred to previously present fairly, in all material respects, the financial position - regulatory basis of the various funds of the Borough of Wallington as of December 31, 2009 and 2008 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the revenues - regulatory basis and the expenditures - regulatory basis of the various funds for the year ended December 31, 2009 on the basis of accounting described in Note 1.

By/s/

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Fair Lawn, New Jersey
July 12, 2010

BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash - Collector - Treasurer	\$ 2,505,227	\$ 6,087,854
Cash - Change Fund	100	100
Cash - Petty Cash	100	100
Federal and State Grants Receivable	<u>62,390</u>	<u>202,154</u>
	<u>2,567,817</u>	<u>6,290,208</u>
Receivables and Other Assets with Full Reserves		
Delinquent Property Taxes Receivable	608,377	437,743
Due from Payroll Accounts	172,849	171,934
Due from General Capital Fund		118,543
Revenue Accounts Receivable	<u>17,177</u>	<u>16,317</u>
	<u>798,403</u>	<u>744,537</u>
Deferred Charges:		
Special Emergency Authorizations	141,000	192,000
Emergency Authorizations		35,000
Operating Deficit		32,633
Overexpenditure of Appropriation	<u>-</u>	<u>21,585</u>
	<u>141,000</u>	<u>281,218</u>
Total Assets	<u>\$ 3,507,220</u>	<u>\$ 7,315,963</u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Liabilities		
Appropriation Reserves	\$ 280,010	\$ 237,715
Encumbrances Payable	69,470	77,828
Accounts Payable	85,967	75,921
Reserve for Revaluation	2,770	2,770
Appropriated Reserves for Federal and State Grants	132,145	133,315
Unappropriated Reserves for Federal and State Grants	14,471	18,431
Prepaid Taxes	127,942	383,457
Due to State of NJ - Senior Citizens' and Veterans' Deductions	49,606	49,386
Miscellaneous Fees Payable	3,396	1,845
Tax Anticipation Notes	1,000,000	4,500,000
Due to Other Trust Fund	217,681	264,808
Due to Animal Control Fund	4,184	
Due to General Capital Fund	39,886	
Due to Water Capital Fund	12,145	12,000
Due to Water Operating Fund	132,453	130,371
Tax Overpayments	<u>24,601</u>	<u>46,358</u>
	2,196,727	5,934,205
Reserve for Receivables	798,403	744,537
Fund Balance	<u>512,090</u>	<u>637,221</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 3,507,220</u>	<u>\$ 7,315,963</u>

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 153,800	\$ 529,000
Miscellaneous Revenues	2,570,866	2,823,227
Receipts from Delinquent Taxes	319,434	225,715
Receipts from Current Taxes	20,683,597	19,852,594
Non-Budget Revenues	127,071	156,583
Other Credits to Income:		
Cancellation of Accounts Payable	921	2,180
Cancellation of Tax Overpayments	42,787	
Interfunds Liquidated	117,628	
Unexpended Balance of Appropriation Reserves	<u>100,809</u>	<u>99,166</u>
Total Income	<u>24,116,913</u>	<u>23,688,465</u>
EXPENDITURES		
Budget Appropriations		
Operations		
Salaries and Wages	3,080,471	3,049,447
Other Expenses	5,496,887	5,800,251
Capital Improvements	40,000	40,000
Municipal Debt Service	623,839	512,781
Deferred Charges and Statutory		
Expenditures	656,367	428,329
Local District School Tax	11,774,837	11,517,206
County Tax	2,225,377	2,119,974
County Share of Added and Omitted Taxes	2,457	1,080
County Open Space Tax	122,815	121,137
Prior Year Senior Citizen Deductions Disallowed	2,000	
Cancelled Grant Receivables	63,194	
Refund of Prior Year Revenue		47,350
Interfunds Established	<u>-</u>	<u>118,543</u>
	<u>24,088,244</u>	<u>23,756,098</u>
Excess (Deficit) of Revenue over Expenditures Before Adjustments	28,669	(67,633)
Adjustments to Income before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>-</u>	<u>35,000</u>
Statutory Excess to Fund Balance	28,669	
Deficit in Operations to be Raised in Budget of Succeeding Year		<u>\$ (32,633)</u>
FUND BALANCE, JANUARY 1	<u>637,221</u>	<u>\$ 1,166,221</u>
	665,890	1,166,221
Decreased by:		
Utilization as Anticipated Revenue	<u>153,800</u>	<u>529,000</u>
FUND BALANCE, DECEMBER 31	<u>\$ 512,090</u>	<u>\$ 637,221</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>		<u>2008</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>		<u>Modification</u>	
Fund Balance Anticipated	\$ 153,800	\$ 153,800	\$ 529,000	529,000
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	21,300	19,876	23,000	\$ 21,378
Other	12,900	11,711	13,000	12,906
Fees and Permits				
Other	18,100	9,397	24,000	18,134
Fines and Costs				
Municipal Court	250,000	240,896	250,000	251,417
Interest and Costs on Taxes	75,000	78,615	55,000	75,699
Interest on Investments and Deposits	103,000	36,685	150,000	103,196
Energy Receipts Tax	558,977	558,977	499,691	499,691
Supplemental Energy Receipts Tax			18,430	18,430
Homeland Security Aid-Prior Year			70,000	70,000
Consolidated Municipal Property Tax Relief	287,603	287,603	344,385	344,385
Uniform Construction Code Fees	93,600	122,529	95,000	93,681
State and Federal Revenues Offset with Appropriations				
Clean Communities Program	15,483	15,483	12,069	12,069
Safe and Secure Communities	58,717	58,717	56,040	56,040
Recycling Tonage Grant			4,051	4,051
Non-Public Nursing	11,102	11,102	13,788	13,788
Body Armor Replacement Program			2,045	2,045
Municipal Alliance	11,500	11,500	11,500	11,500
Oral Health Education- Delta Dental	5,000	5,000		
Reserve for DEP Stormwater Grant	2,552	2,552	2,552	2,552
Reserve for COPS More Grant			1,000	1,000
Reserve for Drunk Driving Enforcement Fund	7,946	7,946		
Reserve for Alcohol Education and Rehabilitation	1,232	1,232	1,804	1,804
Reserve for Municipal Recycling Assistance	5,351	5,351	88	88

BOROUGH OF WALLINGTON
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009</u>		<u>2008</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>		<u>Modification</u>	
Other Special Items				
Sewer Utility Charges	\$ 1,265,240	\$ 971,248	\$ 1,135,710	\$ 882,447
Reserve for Payment of Debt			253,016	\$ 253,016
Reserve for Due from General Capital Fund	118,543		-	
Uniform Safety Act	12,465	9,702	12,332	12,332
General Capital Fund Balance	24,909	24,909	14,671	14,671
Cell Tower Rental Fee	12,000	34,196	12,000	12,000
CATV Franchise Fee	45,639	45,639	34,907	34,907
	<u>3,018,159</u>	<u>2,570,866</u>	<u>3,110,079</u>	<u>2,823,227</u>
Total Miscellaneous Revenues				
	<u>257,884</u>	<u>319,434</u>	<u>225,000</u>	<u>225,715</u>
Receipts from Delinquent Taxes				
	<u>257,884</u>	<u>319,434</u>	<u>225,000</u>	<u>225,715</u>
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax For Municipal Purposes Including Reserve for Uncollected Taxes	<u>7,054,697</u>	<u>6,969,311</u>	<u>6,532,594</u>	<u>6,453,197</u>
Total General Revenue	<u>\$ 10,484,540</u>	<u>\$ 10,013,411</u>	<u>\$ 10,396,673</u>	<u>\$ 10,031,139</u>
Non-Budget Revenue				

[THIS PAGE INTENTIONALLY LEFT BLANK]

2009 STATEMENT OF EXPENDITURES

CURRENT FUND

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

	2009		2009 Expended		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Mayor and Council					
Salaries and Wages	\$ 17,822	\$ 17,822	\$ 17,299	\$ 523	
Municipal Clerk Elections					
Salaries and Wages	149,086	149,386	149,386		
Other Expenses	44,125	44,125	42,099	2,026	
Financial Administration					
Salaries and Wages	23,838	23,873	23,870	3	
Other Expenses	37,150	41,650	41,531	119	
Audit Services	11,300	11,300	11,300		
Revenue Administration					
Salaries and Wages	61,902	41,902	41,101	801	
Other Expenses	13,950	15,550	15,530	20	
Assessment Administration					
Salaries and Wages	11,638	11,938	11,918	20	
Other Expenses	1,050	1,050	1,050		
Legal Service and Costs					
Salaries and Wages	23,175	23,175	22,500	675	
Other Expenses	134,600	164,600	164,588	12	
Engineering Services and Costs					
Salaries and Wages	1,236	1,236	1,200	36	
Other Expenses	21,000	13,190	2,284	10,906	
Planning Board					
Salaries and Wages	3,377	3,577	3,569	8	
Other Expenses	15,350	15,350	12,745	2,605	
Zoning Board of Adjustment					
Salaries and Wages	1,607	1,632	1,492	140	
Other Expenses	10,100	10,100	9,207	893	
Insurance					
Unemployment Insurance	6,000	6,000	6,000		
Employee Group Insurance	1,134,041	1,134,041	1,108,032	26,009	
Liability	11,000	11,000	10,967	33	
Liability (South Bergen JIF)	143,127	143,127	136,299	6,828	
Worker's Compensation (South Bergen JIF)	161,028	161,028	130,098	30,930	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,415,512	2,415,512	2,399,259	16,253	
Other Expenses	124,000	124,000	107,580	16,420	
Fire					
Salaries and Wages	5,597	5,597	5,434	163	
Other Expenses	183,175	188,175	186,620	1,555	
Emergency Management Services					
Other Expenses	1,000	1,000	125	875	
Municipal Prosecutor					
Salaries and Wages	10,176	10,176	9,880	296	

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

	2009		2009 Expended		
	<u>Appropriated</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>		
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC WORK FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	\$ 75,296	\$ 60,296	\$ 58,198	\$ 2,098	
Other Expenses	70,900	70,900	64,213	6,687	
Shade Tree					
Other Expenses	5,000	5,000	2,900	2,100	
Solid Waste Collection (Garbage and Trash, Recycling)					
Salaries and Wages	5,150	5,150	5,130	20	
Other Expenses	616,515	616,515	587,873	28,642	
Buildings and Grounds					
Other Expenses	66,700	66,700	65,841	859	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	84,452	87,752	87,459	293	
Other Expenses	21,110	21,110	18,674	2,436	
Animal Control Services					
Other Expenses	5,775	5,775	5,775		
PARK AND RECREATION FUNCTIONS					
Board of Recreation Commissioners (R.S. 40-17.1)					
Salaries and Wages	22,889	23,239	23,229	10	
Other Expenses	22,000	22,000	21,621	379	
Senior Citizens					
Other Expenses	5,000	5,000	5,000		
Maintenance of Parks					
Other Expenses	27,000	27,000	15,399	11,601	
Celebration of Public Events					
Other Expenses	4,000	4,000	2,563	1,437	
Public Defender					
Salaries and Wages	5,478	5,478	3,844	1,634	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries and Wages	64,098	64,098	59,381	4,717	
Other Expenses	3,200	4,800	4,727	73	
Other Code Enforcement and Functions					
Rent Leveling Board					
Salaries and Wages	1,606	1,606	1,560	46	

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

	2009		2009 Expended		
	<u>Appropriated</u>		<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Charged</u>		
OPERATIONS - WITHIN "CAPS" (Continued)					
UTILITIES					
Electricity	\$ 110,000	\$ 110,000	\$ 93,858	\$ 16,142	
Street Lighting	70,000	70,000	62,223	7,777	
Communications	25,000	25,000	24,842	158	
Sewerage Processing and Disposal	16,800	16,800	16,692	108	
Gasoline	80,000	75,000	49,057	25,943	
Municipal Court					
Salaries and Wages	126,426	127,026	126,869	157	
Other Expenses	12,800	12,800	11,080	1,720	-
Total Operations Within "CAPS"	6,324,157	6,324,157	6,090,971	233,186	-
Detail:					
Salaries and Wages	3,110,361	3,080,471	3,052,578	27,893	
Other Expenses	3,213,796	3,243,686	3,038,393	205,293	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL					
WITHIN "CAPS"					
Overexpenditure of Appropriation	21,585	21,585	21,585		
Prior Year's Bills					
Job & Job Engineering	18,596	18,596	18,596		
Social Security System (O.A.S.I.)	113,554	113,554	105,880	7,674	
Public Employees' Retirement System	80,764	80,764	80,764		
Police and Firemen's Retirement System	303,235	303,235	303,235	-	-
Total Deferred Charges and Statutory					
Expenditures - Municipal Within "CAPS"	537,734	537,734	530,060	7,674	-
Cash Deficit of Preceding Year	32,633	32,633	32,633	-	-
Total General Appropriations for Municipal					
Purposes Within "CAPS"	6,894,524	6,894,524	6,653,664	240,860	-

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

	2009		2009 Expended		
	<u>Budget</u>	<u>Appropriated</u> Budget After <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Passaic Valley Sewerage Commission	\$ 1,698,544	\$ 1,698,544	\$ 1,526,023		\$ 172,521
East Rutherford Sewer Fees	6,500	6,500		\$ 6,500	
Recycling Tax Appropriation	11,800	11,800	11,800		
Maintenance of Free Public Library	407,120	407,120	395,540	11,580	
Interlocal Services Agreement (County of Bergen)	8,500	8,500	5,740	2,760	
Length of Service Award Program (LOSAP)	81,500	81,500	81,500	-	-
Total Other Operations Excluded from "CAPS"	2,213,964	2,213,964	2,020,603	20,840	172,521
Public and Private Programs Offset by Revenues					
Reserve for Alcohol Education and Rehabilitation Fund	1,232	1,232		1,232	
Safe and Secure Communities Program					
State Share	58,717	58,717	58,717		
Local Share	90,000	90,000	90,000		
Clean Communities Program		15,483	15,483		
Oral Health Education	-	5,000	5,000		
Reserve for Municipal Recycling Assistance	5,351	5,351	5,351		
NJ Nonpublic Nursing	11,102	11,102	10,606	496	
Reserve for DEP Stormwater	2,552	2,552		2,552	
Municipal Alliance					
State Share	11,500	11,500		11,500	
Local Share	2,875	2,875	345	2,530	
Reserve for Drunk Driving Enforcement	7,946	7,946	7,946	-	-
Total Public and Private Programs Offset by Revenues	191,275	211,758	193,448	18,310	-
Total Operations Excluded from "CAPS"	2,405,239	2,425,722	2,214,051	39,150	172,521
Detail:					
Other Expenses	2,405,239	2,425,722	2,214,051	39,150	172,521
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	40,000	40,000	40,000	-	-
Total Capital Improvements - Excluded from "CAPS"	40,000	40,000	40,000	-	-

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

	2009		2009 Expended		
	<u>Appropriated</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>		
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 250,000	\$ 250,000	\$ 250,000		
Payment of Bond Anticipation Note Principal	69,608	69,608	69,608		
Interest on Bonds	81,358	81,358	81,358		
Interest on Notes	213,007	213,007	209,752		\$ 3,255
Green Trust Loan Program:					
Loan Repayments of Principal and Interest	<u>13,121</u>	<u>13,121</u>	<u>13,121</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>627,094</u>	<u>627,094</u>	<u>623,839</u>	<u>-</u>	<u>3,255</u>
DEFERRED CHARGES					
Emergency Authorizations	35,000	35,000	35,000		
Special Emergency Authorizations - 3 Years (N.J.S. 40A4-55.1 & 40A:4-55.13)	<u>51,000</u>	<u>51,000</u>	<u>51,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>86,000</u>	<u>86,000</u>	<u>86,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,158,333</u>	<u>3,178,816</u>	<u>2,963,890</u>	<u>\$ 39,150</u>	<u>175,776</u>
Subtotal General Appropriations	10,052,857	10,073,340	9,617,554	280,010	175,776
Reserve for Uncollected Taxes	<u>411,200</u>	<u>411,200</u>	<u>411,200</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 10,464,057</u>	<u>\$ 10,484,540</u>	<u>\$ 10,028,754</u>	<u>\$ 280,010</u>	<u>\$ 175,776</u>
Budget as Adopted		\$ 10,464,057			
Added by NJS 40:A 4-87		<u>20,483</u>			
		<u>\$ 10,484,540</u>			

2008 STATEMENT OF EXPENDITURES

CURRENT FUND

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008		2008 Expended		
	<u>Appropriated</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>		
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Mayor and Council					
Salaries and Wages	\$ 16,136	\$ 17,336	\$ 17,303	\$ 33	
Municipal Clerk Elections					
Salaries and Wages	149,765	145,265	144,744	521	
Other Expenses	42,600	42,600	40,666	1,934	
Financial Administration					
Salaries and Wages	23,318	23,318	23,144	174	
Other Expenses	40,650	40,650	33,786	6,864	
Audit Services	11,300	11,300	11,300		
Revenue Administration					
Salaries and Wages	64,949	60,949	60,099	850	
Other Expenses	17,200	17,200	12,072	5,128	
Assessment Administration					
Salaries and Wages	11,300	11,300	11,299	1	
Other Expenses	1,050	1,050	1,048	2	
Legal Service and Costs					
Salaries and Wages	23,400	22,500	22,500		
Other Expenses	138,400	147,800	134,600	13,200	
Engineering Services and Costs					
Salaries and Wages	1,248	1,248	1,200	48	
Other Expenses	10,000	21,000	20,011	989	
Planning Board					
Salaries and Wages	3,458	3,458	3,279	179	
Other Expenses	15,700	15,700	14,460	1,240	
Zoning Board of Adjustment					
Salaries and Wages	1,560	1,560	1,560		
Other Expenses	10,200	14,200	9,290	4,910	
Insurance					
Unemployment Insurance	1,000	7,000	6,000	1,000	
Employee Group Insurance	1,045,200	1,045,200	1,033,548	11,652	
Liability	11,000	11,000	11,000		
Liability (South Bergen JIF)	139,135	139,135	133,377	5,758	
Worker's Compensation (South Bergen JIF)	164,693	164,693	117,835	46,858	
PUBLIC SAFETY FUNCTIONS					
Police					
Salaries and Wages	2,387,590	2,356,524	2,345,157	11,367	
Other Expenses	136,400	136,400	125,506	10,894	
Fire					
Salaries and Wages	5,434	5,434	5,434		
Other Expenses	165,315	173,815	173,589	226	
Emergency Management Services					
Other Expenses	1,000	1,000		1,000	
Municipal Prosecutor					
Salaries and Wages	9,880	9,880	9,880		

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008		2008 Expended		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC WORK FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	\$ 111,230	\$ 86,930	\$ 72,400	\$ 14,530	
Other Expenses	65,400	65,400	55,314	10,086	
Shade Tree					
Other Expenses	5,000	5,000	4,500	500	
Solid Waste Collection (Garbage and Trash, Recycling)					
Salaries and Wages	5,200	5,200	5,000	200	
Other Expenses	610,278	610,278	599,933	10,345	
Buildings and Grounds					
Other Expenses	49,800	51,300	50,466	834	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	80,163	82,563	81,992	571	
Other Expenses	20,200	20,200	19,382	818	
Environmental Health Services					
Other Expenses					
Animal Control Services					
Other Expenses	5,500	5,500	4,634	866	
PARK AND RECREATION FUNCTIONS					
Board of Recreation Commissioners (R.S. 40-17.1)					
Salaries and Wages	22,616	22,616	22,222	394	
Other Expenses	22,800	22,800	22,010	790	
Senior Citizens					
Other Expenses	5,000	5,000	5,000		
Maintenance of Parks					
Other Expenses	21,000	21,000	20,891	109	
Celebration of Public Events					
Other Expenses	4,000	4,000	3,458	542	
Public Defender					
Salaries and Wages	5,200	5,366	5,318	48	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED REVENUES (N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries and Wages	64,221	62,321	62,231	90	
Other Expenses	2,500	2,500	2,429	71	
Other Code Enforcement and Functions					
Rent Leveling Board					
Salaries and Wages	1,560	1,560	1,559	1	

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008		2008 Expended		
	<u>Appropriated</u>				
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
UTILITIES					
Electricity	\$ 100,000	\$ 112,500	\$ 104,980	\$ 7,520	
Street Lighting	65,000	74,200	67,139	7,061	
Communications	27,000	27,000	24,966	2,034	
Sewerage Processing and Disposal					
Other Expenses	12,000	12,800	12,738	62	
Gasoline	50,000	85,000	77,300	7,700	
Municipal Court					
Salaries and Wages	124,119	124,119	122,744	1,375	
Other Expenses	14,000	14,000	10,418	3,582	-
Total Operations Within "CAPS"	6,142,668	6,177,668	5,982,711	194,957	-
Detail:					
Salaries and Wages	3,112,347	3,049,447	3,019,065	30,382	
Other Expenses	3,030,321	3,128,221	2,963,646	164,575	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Contribution to Public Employees'					
Retirement System	10,822	10,822	10,822		
Contribution to Police & Firemen's					
Retirement System	25,308	25,308	25,308		
Overexpenditure of Capital Ordinance	19,499	19,499	19,499		
Anticipated Deficit in Water Utility	21,600	21,600	21,600		
Social Security System (O.A.S.I.)	110,500	110,500	108,108	2,392	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	187,729	187,729	185,337	2,392	-
Total General Appropriations for Municipal Purposes Within "CAPS"	6,330,397	6,365,397	6,168,048	197,349	-

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 <u>Appropriated</u>		<u>2008 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Passaic Valley Sewerage Commission	\$ 1,633,051	\$ 1,633,051	\$ 1,401,987		\$ 231,064
East Rutherford Sewer Fees	6,500	6,500		\$ 6,500	
Recycling Tax Appropriation	11,800	11,800		11,800	
Maintenance of Free Public Library	400,043	400,043	400,043		
911 Interlocal Services Agreement (Lodi)	8,700	8,700	5,754	2,946	
Police and Firemen's Retirement System	496,954	496,954	496,954		
Public Employees Retirement System	48,773	48,773	48,773		
Length of Service Award Program (LOSAP)	75,000	75,000	75,000		
Prior Year's Uncommitted Bills	24,461	24,461	24,461	-	-
	<u>2,705,282</u>	<u>2,705,282</u>	<u>2,452,972</u>	<u>21,246</u>	<u>231,064</u>
Total Other Operations Excluded from "CAPS"					
	<u>2,705,282</u>	<u>2,705,282</u>	<u>2,452,972</u>	<u>21,246</u>	<u>231,064</u>
Public and Private Programs Offset by Revenues					
Alcohol Education and Rehabilitation Fund	1,804	1,804		1,804	
Safe and Secure Communities Program					
State Share	56,040	56,040	56,040		
Local Share	90,000	90,000	90,000		
Clean Communities Program		12,069	12,069		
DEP Stormwater Grant	2,552	2,552		2,552	
Municipal Recycling Assistance	88	88	88		
Recycling Tonnage Grant		4,051	4,051		
Body Armor Replacement Program		2,045		2,045	
NJ Nonpublic Nursing		13,788	13,255	533	
Municipal Alliance Grant					
State Share	11,500	11,500	314	11,186	
Local Share	2,875	2,875	2,875		
Reserve for COPS More Grant	1,000	1,000	-	1,000	-
	<u>165,859</u>	<u>197,812</u>	<u>178,692</u>	<u>19,120</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues					
	<u>165,859</u>	<u>197,812</u>	<u>178,692</u>	<u>19,120</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,871,141</u>	<u>2,903,094</u>	<u>2,631,664</u>	<u>40,366</u>	<u>231,064</u>
Detail:					
Other Expenses	<u>2,871,141</u>	<u>2,903,094</u>	<u>2,631,664</u>	<u>40,366</u>	<u>231,064</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	40,000	40,000	40,000	-	-
	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements - Excluded from "CAPS"	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>-</u>

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	2008		2008 Expended		
	<u>Appropriated</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
	<u>Budget</u>	<u>Modification</u>	<u>Charged</u>		
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 312,000	\$ 312,000	\$ 312,000		
Interest on Bonds	94,728	94,728	94,727		\$ 1
Interest on Notes	102,733	102,733	92,933		9,800
Green Trust Loan Program:					
Loan Repayments of Principal and Interest	<u>13,121</u>	<u>13,121</u>	<u>13,121</u>	-	-
Total Municipal Debt Service					
Excluded from "CAPS"	<u>522,582</u>	<u>522,582</u>	<u>512,781</u>	-	9,801
DEFERRED CHARGES					
Emergency Authorizations	189,600	189,600	189,600		
Special Emergency Authorizations - 3 Years					
(N.J.S. 40A4-55.1 & 40A:4-55.13)	<u>51,000</u>	<u>51,000</u>	<u>51,000</u>	-	-
Total Deferred Charges - Municipal					
Excluded from "CAPS"	<u>240,600</u>	<u>240,600</u>	<u>240,600</u>	-	-
Total General Appropriations for					
Municipal Purposes Excluded					
from "CAPS"	<u>3,674,323</u>	<u>3,706,276</u>	<u>3,425,045</u>	\$ 40,366	240,865
Subtotal General Appropriations	10,004,720	10,071,673	9,593,093	237,715	240,865
Reserve for Uncollected Taxes	<u>360,000</u>	<u>360,000</u>	<u>360,000</u>	-	-
Total General Appropriations	<u>\$ 10,364,720</u>	<u>\$ 10,431,673</u>	<u>\$ 9,953,093</u>	<u>\$ 237,715</u>	<u>\$ 240,865</u>
Budget as Adopted		\$ 10,364,720			
Added by NJS 40:A 4-87		31,953			
Emergency Authorizations		<u>35,000</u>			
		<u>\$ 10,431,673</u>			

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
ANIMAL CONTROL FUND		
Cash		\$ 1,421
Due from Current Fund	\$ 4,184	-
	<u>4,184</u>	<u>\$ 1,421</u>
OTHER TRUST FUND		
Cash	331,500	377,800
Due from Current Fund	<u>217,681</u>	<u>264,808</u>
	<u>549,181</u>	<u>642,608</u>
LENGTH OF SERVICE AWARD PROGRAM(LOSAP) FUND (UNAUDITED)		
Investments	294,003	174,221
Intergovernmental Receivable	<u>112,861</u>	<u>75,000</u>
	<u>406,864</u>	<u>249,221</u>
Total Assets	<u><u>\$ 960,229</u></u>	<u><u>\$ 893,250</u></u>
 LIABILITIES, RESERVES AND FUND BALANCE		
ANIMAL CONTROL FUND		
Cash Overdraft	\$ 46	
Reserve for Animal Control Expenditures	<u>4,138</u>	<u>\$ 1,421</u>
	<u>4,184</u>	<u>1,421</u>
OTHER TRUST FUND		
Reserve for Escrow Deposits	3,850	3,850
Payroll Deductions Payable (Deficit)	(32,095)	10,380
Due to Current Fund-Payroll Account	172,849	171,934
Other Reserves	384,461	440,814
Reserve for Unemployment Compensation Ins. Claims	<u>20,116</u>	<u>15,630</u>
	<u>549,181</u>	<u>642,608</u>
LENGTH OF SERVICE AWARD PROGRAM (LOSAP) FUND (UNAUDITED)		
Reserve for LOSAP Benefits	<u>406,864</u>	<u>249,221</u>
Total Liabilities, Reserves and Fund Balance	<u><u>\$ 960,229</u></u>	<u><u>\$ 893,250</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 1,184,104	\$ 1,592,812
Due from Current Fund	39,886	
Due from Water Utility Operating Fund	8,769	
Grants Receivable	30,712	30,712
Deferred Charges to Future Taxation:		
Funded	1,976,544	2,236,524
Unfunded	<u>6,419,912</u>	<u>6,489,520</u>
 Total Assets	 <u><u>\$ 9,659,927</u></u>	 <u><u>\$ 10,349,568</u></u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Serial Bonds Payable	\$ 1,827,000	\$ 2,077,000
Bond Anticipation Notes Payable	6,407,966	6,605,500
Green Acres Loan Payable	149,544	159,524
Due to Current Fund		118,543
Improvement Authorizations		
Funded	308,494	308,494
Unfunded	626,717	782,884
Reserve for State Department of Transportation Receivable	5,712	5,712
Due to Water Utility Capital Fund	227,000	227,000
Capital Improvement Fund	80,002	40,002
Fund Balance	<u>27,492</u>	<u>24,909</u>
 Total Liabilities, Reserves and Fund Balance	 <u><u>\$ 9,659,927</u></u>	 <u><u>\$ 10,349,568</u></u>

There were bonds and notes authorized but not issued at December 31, 2009 and 2008 of \$11,945, and \$11,945, respectively

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Fund Balance, December 31, 2008	\$ 24,909	\$ 14,671
Increased By:		
Premium on Sale of Notes	<u>27,492</u>	<u>24,909</u>
	<u>52,401</u>	<u>39,580</u>
Decreased By:		
Amount Anticipated in Current Fund Budget	<u>24,909</u>	<u>14,671</u>
Fund Balance, December 31, 2009	<u><u>\$ 27,492</u></u>	<u><u>\$ 24,909</u></u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY OPERATING FUND
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash - Treasurer	\$ 361,468	\$ 421,255
Change Fund - Collector	100	100
Due from Current Fund	<u>132,453</u>	<u>130,371</u>
	<u>494,021</u>	<u>551,726</u>
Receivables With Full Reserves		
Consumer Accounts Receivable	136,660	96,461
Water Utility Liens	<u>10,670</u>	<u>10,670</u>
	<u>147,330</u>	<u>107,131</u>
Total Assets	<u>\$ 641,351</u>	<u>\$ 658,857</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Liabilities		
Appropriation Reserves	\$ 93,971	\$ 137,772
Encumbrances Payable	66,866	3,104
Due to Water Capital Fund	211,248	161,465
Due to General Capital Fund	8,769	
Accrued Interest on Bonds and Loans	6,225	7,802
Equipment Reserves	<u>3,862</u>	<u>3,862</u>
	390,941	314,005
Reserve for Receivables	147,330	107,131
Fund Balance	<u>103,080</u>	<u>237,721</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 641,351</u>	<u>\$ 658,857</u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 67,337	\$ 35,208
Fixed Capital	2,204,520	2,204,520
Fixed Capital Authorized and Uncompleted	1,651,000	1,651,000
Grants Receivable	40,200	157,700
Due from Water Operating Fund	211,248	161,465
Due from Current Fund	12,145	12,000
Due from General Capital Fund	<u>227,000</u>	<u>227,000</u>
Total Assets	<u>\$ 4,413,450</u>	<u>\$ 4,448,893</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Liabilities		
Water Supply Rehabilitation Loans Payable	\$ 90,313	\$ 133,173
Serial Bonds Payable	508,000	553,000
Bond Anticipation Note Payable	253,253	256,500
Improvement Authorizations - Funded	231,944	312,387
Improvement Authorizations - Unfunded	37,042	37,042
Reserve for		
Amortization	2,204,520	2,204,520
Deferred Amortization	799,434	708,327
Grants Receivable	40,200	157,700
Payment of Bonds	117,500	55,000
Capital Improvement Fund	<u>131,244</u>	<u>31,244</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 4,413,450</u>	<u>\$ 4,448,893</u>

There were no bonds and notes authorized but not issued at December 31, 2009 or 2008.

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN OPERATING FUND BALANCE
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

Revenue and Other Income Realized	<u>Year 2009</u>	<u>Year 2008</u>
Fund Balance Utilized	\$ 163,414	\$ 145,000
Rents	1,598,821	1,673,135
Fire Hydrant Service	28,000	25,893
Miscellaneous Revenue Anticipated	46,445	36,069
Reserve for Payment of Debt	55,000	45,000
Deficit (General Budget)		21,600
Cancellation of Prior Year Encumbrances Payable	115	703
Unexpended Balance of Appropriation Reserves	<u>59,917</u>	<u>40,778</u>
 Total Revenues	 <u>1,951,712</u>	 <u>1,988,178</u>
 Expenditures		
Operating		
Salaries and Wages	494,314	451,264
Other Expenses	1,155,000	1,094,484
Deferred Charges and Statutory Expenditures	53,000	231,000
Capital Improvements	100,000	
Debt Service	<u>120,625</u>	<u>123,957</u>
 Total Expenditures	 <u>1,922,939</u>	 <u>1,900,705</u>
 Excess in Revenue	 <u>28,773</u>	 <u>87,473</u>
 Statutory Excess to Fund Balance	 28,773	 87,473
 FUND BALANCE, JANUARY 1	 <u>237,721</u>	 <u>295,248</u>
	266,494	382,721
Decreased by:		
Utilized by Water Operating Budget	<u>163,414</u>	<u>145,000</u>
 FUND BALANCE, DECEMBER 31	 <u>\$ 103,080</u>	 <u>\$ 237,721</u>

BOROUGH OF WALLINGTON
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>		<u>2008</u>	
	Anticipated <u>Budget</u>	<u>Realized</u>	Anticipated <u>Budget</u>	<u>Realized</u>
Fund Balance Anticipated	\$ 163,414	\$ 163,414	\$ 145,000	\$ 145,000
Rents	1,645,000	1,598,821	1,575,025	1,627,450
Additonal Rents			45,685	45,685
Fire Hydrant Service	25,000	28,000	30,784	25,893
Reserve for Payment of Debt	55,000	55,000	45,000	45,000
Deficit (General Budget)			21,600	21,600
Miscellaneous Charges	<u>36,000</u>	<u>46,445</u>	<u>38,566</u>	<u>36,069</u>
	<u>\$ 1,924,414</u>	<u>\$ 1,891,680</u>	<u>\$ 1,901,660</u>	<u>\$ 1,946,697</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 <u>Appropriated</u>		<u>2009 Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATING					
Salaries	\$ 469,314	\$ 494,314	\$ 491,494	\$ 2,820	
Other Expenses	1,180,000	1,155,000	1,066,624	88,376	
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Charges:					
Contribution to:					
Public Employee Retirement System	23,000	23,000	23,000		
Social Security System (O.A.S.I.)	30,000	30,000	27,225	2,775	
Capital Improvement Fund	100,000	100,000	100,000		
DEBT SERVICE					
Payment of Bond Principal	45,000	45,000	45,000		
Payment of Capital Notes	3,300	3,300	3,247		\$ 53
Principal and Interest on Loans	47,200	47,200	47,119		81
Interest on Bonds	21,000	21,000	20,956		44
Interest on Notes	<u>5,600</u>	<u>5,600</u>	<u>4,303</u>	<u>-</u>	<u>1,297</u>
Total Water Utility Appropriations	<u>\$ 1,924,414</u>	<u>\$ 1,924,414</u>	<u>\$ 1,828,968</u>	<u>\$ 93,971</u>	<u>\$ 1,475</u>

**BOROUGH OF WALLINGTON
STATEMENT OF EXPENDITURES - STATUTORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>2008 Appropriated</u>		<u>2008 Expended</u>		<u>Unexpended</u>	<u>Over-</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>	<u>Expenditures</u>
OPERATING						
Salaries	\$ 445,264	\$ 451,264	\$ 451,263	\$ 1		
Other Expenses	1,100,484	1,094,484	959,971	134,513		
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Charges:						
Emergency Authorizations	150,000	150,000	150,000			
Overexpenditure of Appropriation	28,000	28,000	28,000			
Contribution to:						
Public Employee Retirement System	23,000	23,000	23,000			
Social Security System (O.A.S.I.)	30,000	30,000	26,742	3,258		
DEBT SERVICE						
Payment of Bond Principal	45,000	45,000	45,000			
Principal and Interest on Loans	47,122	47,122	46,523		\$ 599	
Interest on Bonds	22,530	22,530	22,202		328	
Interest on Notes	<u>10,260</u>	<u>10,260</u>	<u>10,232</u>	<u>-</u>	<u>28</u>	<u>-</u>
Total Water Utility Appropriations	<u>\$ 1,901,660</u>	<u>\$ 1,901,660</u>	<u>\$ 1,762,933</u>	<u>\$ 137,772</u>	<u>\$ 955</u>	<u>\$ -</u>

**BOROUGH OF WALLINGTON
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
General Fixed Assets		
Land	\$ 6,838,518	\$ 6,838,518
Buildings and Building Improvements	1,677,892	1,677,892
Machinery and Equipment	<u>3,936,315</u>	<u>3,915,709</u>
	<u>\$ 12,452,725</u>	<u>\$ 12,432,119</u>
 LIABILITIES		
Investment in General Fixed Assets	<u>\$ 12,452,725</u>	<u>\$ 12,432,119</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The Borough of Wallington (the "Borough") was incorporated in 1896 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or emergency squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

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

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Length of Service Award Program (LOSAP) Fund – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

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

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the Borough's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the water utility fund. The Borough's infrastructure is not reported in the account group.

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

Utility Rents - Utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's water utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Grant and Similar Award Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Trust Funds
Capital Funds

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2009 and 2008 the Borough Council increased the original budget by \$20,483 and \$66,953. The 2009 increase was funded by additional aid allotted to the Borough. The 2008 increase was funded by additional aid allotted to the Borough in the amount of \$31,953 and an emergency authorization of \$35,000. In addition, the governing body approved several budget transfers during 2009 and 2008.

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 an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

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

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Operating Deficits – Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year are recorded as deferred charges on the balance sheet of the respective operating fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of operating deficits at year end.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

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

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Wallington has developed a fixed assets accounting and reporting system.

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 sewerage and drainage systems are not capitalized.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Fixed Assets (Continued)

Fixed Assets purchased after December 31, 1998 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1998 are stated as follows:

Land and Buildings	1985 Assessed Value
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

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

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

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

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

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

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements

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

NOTE 2 DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank for a temporary period ending December 31, 2013. SIPC replaces cash claims up to a maximum of \$100,000 for each failed brokerage firm. At December 31, 2009 and 2008, the book value of the Borough's deposits were \$4,449,890 and \$8,516,650 and bank and brokerage firm balances of the Borough's deposits amounted to \$4,633,733 and \$8,799,798, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2009</u>	<u>2008</u>
Insured	\$ <u>4,633,733</u>	\$ <u>8,799,798</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2009 and 2008, none of the Borough's bank balances were exposed to custodial credit risk since all deposits were considered insured by FDIC and/or GUDPA.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments

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

As of December 31, 2009 and 2008, the Borough had the following investments:

	Fair Value (LOSAP Only)
<u>2009</u>	
Investment:	
Length of Service Award Program	<u>\$ 294,003</u>
	Fair Value (LOSAP Only)
<u>2008</u>	
Investment:	
Length of Service Award Program	<u>\$ 174,221</u>

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing it’s exposure to fair value losses arising from increasing interest rates.

The fair value of the above-listed investment was based on quoted market prices.

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

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 3 TAXES AND UTILITY RENTS RECEIVABLE

Receivables at December 31, 2009 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2009</u>			
Property Taxes	\$ 608,377		\$ 608,377
Utility Rents		\$ 136,660	136,660
Utility Liens	<u>-</u>	<u>10,670</u>	<u>10,670</u>
	<u>\$ 608,377</u>	<u>\$ 147,330</u>	<u>\$ 755,707</u>

In 2009, the Borough collected \$319,434 and \$96,461 from delinquent taxes and utility rents, which represented 73% and 90% of the adjusted delinquent tax and water charges receivable at December 31, 2008.

Receivables at December 31, 2008 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2008</u>			
Property Taxes	\$ 437,743		\$ 437,743
Utility Rents		\$ 96,461	96,461
Utility Liens	<u>-</u>	<u>10,670</u>	<u>10,670</u>
	<u>\$ 437,743</u>	<u>\$ 107,131</u>	<u>\$ 544,874</u>

In 2008, the Borough collected \$225,715 and \$66,610 from delinquent taxes and utility rents, which represented 100% and 86% of the adjusted delinquent tax and water charges receivable at December 31, 2007.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2009</u>	<u>2008</u>
Issued		
General		
Bonds, Notes and Loans	\$ 8,384,510	\$ 8,842,024
Water Utility		
Bonds, Notes and Loans	<u>851,566</u>	<u>942,673</u>
	9,236,076	9,784,697
Less Funds Temporarily Held to Pay Bonds and Notes	<u>117,500</u>	<u>182,925</u>
Net Debt Issued	9,118,576	9,601,772
Authorized But Not Issued		
General		
Bonds and Notes	<u>11,945</u>	<u>11,945</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u><u>\$ 9,130,521</u></u>	<u><u>\$ 9,613,717</u></u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 MUNICIPAL DEBT (Continued)

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .70% and .74% at December 31, 2009 and 2008, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2009</u>			
General Debt	\$ 8,396,455		\$ 8,396,455
School Debt	3,313,607	\$ 3,313,607	
Utility Debt	<u>851,566</u>	<u>851,566</u>	<u>-</u>
Total	<u>\$ 12,561,628</u>	<u>\$ 4,165,173</u>	<u>\$ 8,396,455</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2008</u>			
General Debt	\$ 8,853,969	\$ 127,925	\$ 8,726,044
School Debt	3,483,205	3,483,205	
Utility Debt	<u>942,673</u>	<u>942,673</u>	<u>-</u>
Total	<u>\$ 13,279,847</u>	<u>\$ 4,553,803</u>	<u>\$ 8,726,044</u>

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2009</u>	<u>2008</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 41,809,622	\$ 40,935,925
Net Debt	<u>8,396,455</u>	<u>8,726,044</u>
Remaining Borrowing Power	<u>\$ 33,413,167</u>	<u>\$ 32,209,881</u>

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 4 MUNICIPAL DEBT (Continued)

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

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

General Obligation Bonds	<u>2009</u>	<u>2008</u>
\$1,700,000, 2002 Bonds, due in annual installments of \$155,000 to \$160,000 through May 15, 2015, interest of 4.250% to 4.375%	\$ 945,000	\$ 1,100,000
\$1,227,000, 2003 Bonds, due in annual installments of \$95,000 to \$100,000 through October 15, 2018, interest at 3.50% to 4.00%	<u>882,000</u>	<u>977,000</u>
	<u>\$ 1,827,000</u>	<u>\$ 2,077,000</u>

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection Agency for the financing relating to the Redevelopment of the Centennial Prevention Field. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2009</u>	<u>2008</u>
\$211,000, 2002 Loans, due in annual installments of \$10,180 to \$12,926 through August 14, 2022, interest at 2.00%	<u>\$ 149,544</u>	<u>\$ 159,524</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 MUNICIPAL DEBT (Continued)

Utility Bonds

The Borough pledges revenue from operations to pay debt service on utility bonds issued. The water utility bond outstanding at December 31 is as follows:

Water Utility

	<u>2009</u>	<u>2008</u>
\$753,000, 2003 Bonds, due in annual installments of \$45,000 to \$68,000 through October 15, 2018, interest at 3.50% to 4.00%	\$ <u>508,000</u>	\$ <u>553,000</u>

Water Utility Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the New Jersey Department of Environmental Protection Agency for the financing relating to the Improvements to the Water Supply System. The Borough pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Utility intergovernmental loans outstanding of the water utility at December 31 is as follows:

<u>Water Utility Capital Fund</u>	<u>2009</u>	<u>2008</u>
\$375,000, 2002 Loan due in Semi-annual installments of \$21,994 to \$23,169 through December 23, 2011, interest at 3.50%	\$ <u>90,313</u>	\$ <u>133,173</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 MUNICIPAL DEBT (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2009 is as follows:

Calendar	<u>General</u>				<u>Water Utility Fund</u>													
	<u>Bonds</u>		<u>Loan</u>		<u>Bonds</u>		<u>Loan</u>		<u>Total</u>									
	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>		<u>Interest</u>								
2010	\$	250,000	\$	71,542	\$	10,180	\$	2,940	\$	45,000	\$	19,708	\$	44,373	\$	2,776	\$	446,519
2011		250,000		61,630		10,385		2,736		50,000		18,133		45,940		1,209		440,033
2012		255,000		51,375		10,594		2,527		50,000		16,258						385,754
2013		260,000		40,912		10,807		2,314		55,000		14,383						383,416
2014		260,000		30,162		11,024		2,097		55,000		12,320						370,603
2015-2019		552,000		42,911		58,534		7,069		253,000		25,878						939,392
2020-2022		-		-		38,020		1,342		-		-		-		-		39,362
	\$	1,827,000	\$	298,532	\$	149,544	\$	21,025	\$	508,000	\$	106,680	\$	90,313	\$	3,985	\$	3,005,079

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years 2009 and 2008 were as follows:

	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>	Due Within One Year
<u>2009</u>					
General Capital Fund					
Bonds Payable	\$ 2,077,000		\$ 250,000	\$ 1,827,000	\$ 250,000
Intergovernmental Loans Payable	<u>159,524</u>	<u>-</u>	<u>9,980</u>	<u>149,544</u>	<u>10,180</u>
General Capital Fund Long-Term Liabilities	<u>\$ 2,236,524</u>	<u>\$ -</u>	<u>\$ 259,980</u>	<u>\$ 1,976,544</u>	<u>\$ 260,180</u>
Water Utility Capital Fund					
Bonds Payable	\$ 553,000		\$ 45,000	\$ 508,000	\$ 45,000
Intergovernmental Loans	<u>133,173</u>	<u>-</u>	<u>42,860</u>	<u>90,313</u>	<u>44,373</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 686,173</u>	<u>\$ -</u>	<u>\$ 87,860</u>	<u>\$ 598,313</u>	<u>\$ 89,373</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2008</u>	Due Within <u>One Year</u>
<u>2008</u>					
General Capital Fund					
Bonds Payable	\$ 2,389,000		\$ 312,000	\$ 2,077,000	\$ 250,000
Intergovernmental Loans Payable	<u>169,307</u>	<u>-</u>	<u>9,783</u>	<u>159,524</u>	<u>9,980</u>
General Capital Fund Long-Term Liabilities	<u>\$ 2,558,307</u>	<u>\$ -</u>	<u>\$ 321,783</u>	<u>\$ 2,236,524</u>	<u>\$ 259,980</u>
Water Utility Capital Fund					
Bonds Payable	\$ 598,000		\$ 45,000	\$ 553,000	\$ 45,000
Intergovernmental Loans	<u>174,572</u>	<u>-</u>	<u>41,399</u>	<u>133,173</u>	<u>42,860</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 772,572</u>	<u>\$ -</u>	<u>\$ 86,399</u>	<u>\$ 686,173</u>	<u>\$ 87,860</u>

Short-Term Debt

The Borough's short-term capital debt activity for the years 2009 and 2008 was as follows:

	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 6,605,500	\$ 6,407,966	\$ 6,605,500	\$ 6,407,966
Water Utility Capital Fund	<u>256,500</u>	<u>253,253</u>	<u>256,500</u>	<u>253,253</u>
	<u>\$ 6,862,000</u>	<u>\$ 6,661,219</u>	<u>\$ 6,862,000</u>	<u>\$ 6,661,219</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt (Continued)

	Balance, December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2008</u>
<u>2008</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 1,836,300	\$ 6,605,500	\$ 1,836,300	\$ 6,605,500
Water Utility Capital Fund	<u>256,500</u>	<u>256,500</u>	<u>256,500</u>	<u>256,500</u>
	<u>\$ 2,092,800</u>	<u>\$ 6,862,000</u>	<u>\$ 2,092,800</u>	<u>\$ 6,862,000</u>

In addition to the debt shown in the above schedule, municipalities may issue debt to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2009 and 2008 as follows:

	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Tax Anticipation Notes	<u>\$ 4,500,000</u>	<u>\$ 1,000,000</u>	<u>\$ 4,500,000</u>	<u>\$ 1,000,000</u>

	Balance, December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2008</u>
<u>2008</u>				
Tax Anticipation Notes	<u>\$ 1,000,000</u>	<u>\$ 4,500,000</u>	<u>\$ 1,000,000</u>	<u>\$ 4,500,000</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2009 and 2008.

	Balance December 31, <u>2008</u>	<u>Additions</u>	Balance, December 31, <u>2009</u>
<u>2009</u>			
Land	\$ 6,838,518		\$ 6,838,518
Buildings and Building Improvements	1,677,892		1,677,892
Machinery and Equipment	<u>3,915,709</u>	<u>\$ 20,606</u>	<u>3,936,315</u>
	<u>\$ 12,432,119</u>	<u>\$ 20,606</u>	<u>\$ 12,452,725</u>
	Balance December 31, <u>2007</u>	<u>Additions</u>	Balance, December 31, <u>2008</u>
<u>2008</u>			
Land	\$ 1,990,827	\$ 4,847,691	\$ 6,838,518
Buildings and Building Improvements	1,677,892		1,677,892
Machinery and Equipment	<u>3,780,766</u>	<u>134,943</u>	<u>3,915,709</u>
	<u>\$ 7,449,485</u>	<u>\$ 4,982,634</u>	<u>\$ 12,432,119</u>

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 6 DUE TO/FROM OTHER FUNDS

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

	<u>2009</u>		<u>2008</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 172,849	\$ 406,349	\$ 290,477	\$ 482,179
Trust Funds	221,865	172,849	339,808	171,934
General Capital Fund	48,655	227,000		345,543
Water Utility Operating Fund	132,453	220,017	130,371	161,465
Water Utility Capital Fund	<u>450,393</u>	<u>-</u>	<u>400,465</u>	<u>-</u>
Total	<u>\$ 1,026,215</u>	<u>\$ 1,026,215</u>	<u>\$ 1,161,121</u>	<u>\$ 1,161,121</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

The Borough expects all interfund balances to be liquidated within one year.

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Water Utility Operating Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2009</u>	Utilized in Subsequent Year's Budget		Fund Balance December 31, <u>2008</u>	Utilized in Subsequent Year's Budget
Current Fund					
Cash Surplus	\$ 308,700	\$ 273,800 (1)		\$ 153,849	\$ 153,800
Non-Cash Surplus	<u>203,390</u>	<u>-</u>		<u>483,372</u>	<u>-</u>
	<u>\$ 512,090</u>	<u>\$ 273,800</u>		<u>\$ 637,221</u>	<u>\$ 153,800</u>
Water Utility Operating Fund					
Cash Surplus	\$ 103,080	\$ 22,440 (1)		\$ 237,721	\$ 163,414
Non-Cash Surplus	<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
	<u>\$ 103,080</u>	<u>\$ 22,440</u>		<u>\$ 237,721</u>	<u>\$ 163,414</u>

- (1) The above fund balance amounts appropriated represent the surplus anticipated in the 2010 introduced municipal budget. The 2010 municipal budget has not been legally adopted as of the date of audit.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2009</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 141,000	\$ 51,000	\$ 90,000
<u>2008</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 192,000	\$ 51,000	\$ 141,000
Emergency Authorizations	35,000	35,000	
Operating Deficit	32,633	32,633	
Overexpenditure of Appropriation	21,585	21,585	

NOTE 9 COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

There is no maximum benefit an employee is entitled to at retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,208,985 and \$1,427,925 at December 31, 2009 and 2008, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

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

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement healthcare coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be assessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pension.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Significant Legislation

P.L. 2009, c. 19, effective March 17, 2009 provides an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS and PFRS for payments due in State fiscal year 2009. This law also provides that a local employer may pay 100 percent of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS and PFRS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of PERS and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and \$11.4 billion.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 5.5% for PERS, 8.50% for PFRS and 5.5% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. However, due to the enactment of P.L. 2009, c.19, the Borough opted to contribute a PFRS and PERS amount that reflected a 50 percent reduction of the normal and accrued liability component of the PFRS and PERS obligations due in the year ended December 31, 2009. The unpaid or deferred amount of \$255,871 for PFRS will be paid with interest starting in the 2012 year over a 15 year period. The Borough is allowed to payoff the deferred pension obligation at any time. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employee contribution.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2009, 2008 and 2007, the Borough, except for the amount deferred during the year ended December 31, 2009, was required to contribute for normal cost pension contributions the following amounts which equaled the required contributions for each year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2009	\$ 303,235	\$ 103,764
2008	496,954	71,773
2007	339,991	33,114

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

The Borough provides a post-employment healthcare plan for its eligible retirees and their dependents. The plan is a single-employer defined healthcare plan administered by the Borough. In accordance with Borough employment contracts and personnel policies, the Borough provides post-retirement health coverage to its eligible retired employees and their dependents at the time of retirement at the same cost to the retiree as there would be, if any, if they remained an employee. Coverage for a retiree's spouse and/or dependents ends upon the death of the retiree.

Funding Policy

The Borough funds its post-retirement medical benefits on a pay-as-you-go basis. For the years 2009 and 2008, the Borough paid \$302,964 and \$297,180, respectively for post-retirement health coverage premiums for eligible retirees and their dependents.

NOTE 12 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Wallington is a member of the Bergen County Municipal Joint Insurance Fund (BJIF), South Bergen Municipal Joint Insurance Fund (SBJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF, SBJIF and MEL coverage amounts are on file with the Borough.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 12 RISK MANAGEMENT (Continued)

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2009	\$ 15,000	\$ 32,359	\$ 42,873	\$ 20,116
2008	6,000		15,069	15,630
2007	26,300		17,103	24,699

NOTE 13 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

The Borough consistently makes four quarterly payments each year to the South Bergen Municipal Joint Insurance Fund and Municipal Excess Liability Insurance Fund based upon the due date of the assessments. As of December 31, 2009 and 2008, the fourth quarter assessments in the amounts of \$86,324 and \$83,822, respectively due in January of the subsequent year are not recorded as an expenditure or liability on the Borough's financial statements. These assessments are funded in the subsequent year's budget.

BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 13 CONTINGENT LIABILITIES (Continued)

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2009 and 2008. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2009 and 2008, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 14 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2009 and 2008, the Authority has not performed the revaluation to determine if estimated arbitrage earnings are due to the IRS. This amount, if any, however, may be material.

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED

The Borough of Wallington Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on July 22, 2004 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Wallington approved the adoption of the Plan at the general election held on November 2, 2004.

The first year of eligibility for entrance into the Plan was calendar year 2005. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the Volunteer Emergency Squad, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Wallington has contributed \$1,293 and \$1,258 for 2009 and 2008, respectively, for each eligible volunteer fire department member and volunteer emergency squad member into the Plan.

**BOROUGH OF WALLINGTON
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP) – UNAUDITED (Continued)

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

NOTE 16 SUBSEQUENT EVENTS

Debt Authorized

On February 24, 2010, April 22, 2010 and May 20, 2010 the Borough adopted Bond Ordinances authorizing the issuance of \$1,137,350 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

APPENDIX B

PROPOSED FORM OF BOND COUNSEL OPINION

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

ROGUT MCCARTHY LLC

COUNSELLORS AT LAW

37 ALDEN STREET
CRANFORD, NEW JERSEY 07016

Telephone (908) 931-1150
Facsimile (908) 931-1151
Facsimile (908) 653-4832

ANN S. BEDDINGFIELD, Of Counsel †
NORMAN B. KAUFF, Of Counsel
THOMAS J. BACE ††
JOHN P. KAPLAN †††
MARK A. DiPISA

www.rogutmccarthy.com

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

APPENDIX B

[Proposed Form of Bond Counsel Opinion]

August ___, 2010

Borough Council
Borough of Wallington
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of \$7,460,000 aggregate principal amount of General Improvement Bonds (the "Bonds") by the Borough of Wallington, in the County of Bergen, a municipal corporation of the State of New Jersey (the "Borough"). The Bonds are dated August 1, 2010 and comprise an issue of registered bonds. The Bonds bear interest from their date, payable on each February 1 and August 1, commencing February 1, 2011 (each, an "Interest Payment Date"), in each year until maturity or prior redemption.

The Bonds are payable in annual installments on August 1 in each year, and bear interest at the rates per annum, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$100,000	%	2021	\$450,000	%
2012	125,000		2022	475,000	
2013	150,000		2023	500,000	
2014	150,000		2024	500,000	
2015	150,000		2025	500,000	
2016	325,000		2026	500,000	
2017	325,000		2027	500,000	
2018	325,000		2028	500,000	
2019	450,000		2029	500,000	
2020	450,000		2030	485,000	

The Bonds maturing on or before August 1, 2020 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after August 1, 2021 are subject to redemption at the option of the Borough prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after August 1, 2020, upon notice as set forth in the resolutions referred to below at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

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

The Bonds are issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) and pursuant to twelve bond ordinances adopted by the Borough Council of the Borough on September 25, 2003 (Ord. No. 2003-15), October 23, 2003 (Ord. No. 2003-17), November 13, 2003 (Ord. No. 2003-19), December 18, 2003 (Ord. No. 2003-20), September 29, 2005 (Ord. No. 2005-15), May 25, 2006 (Ord. No. 2006-11), November 29, 2007 (Ord. No. 2007-10), December 20, 2007 (two ordinances: Ord. Nos. 2007-12 and 2007-13), February 24, 2010 (Ord. No. 2010-3), April 22, 2010 (Ord. No. 2010-7) and May 20, 2010 (Ord. No. 2010-8) and resolutions adopted by the Borough Council of the Borough on June 24, 2010.

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

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

As bond counsel, we have examined certified copies of the bond ordinances and resolutions referred to above and related proceedings in connection with the issuance of the Bonds. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below, including the Tax Certificate executed by the Chief Financial Officer of the Borough of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and the exhibits thereto. We have also examined the executed and authenticated first numbered Bond and have assumed that all of the other Bonds have been similarly executed and authenticated. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

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

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

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

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

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

Very truly yours,

Rogut McCarthy LLC