

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.

\$8,028,000

**THE MAYOR AND COUNCIL OF THE
BOROUGH OF WOOD-RIDGE
COUNTY OF BERGEN, NEW JERSEY
GENERAL IMPROVEMENT BONDS
(Callable) (Bank-Qualified)
(Book-Entry Only)**

Dated: September 15, 2010**Due: September 15, as shown below**

The General Improvement Bonds (the "Bonds") of The Mayor and Council of the Borough of Wood-Ridge, in the County of Bergen, New Jersey (the "Borough"), will be issued as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, with the Bonds immobilized in the custody of DTC. Owners of beneficial interests in the Bonds will not receive physical delivery of bond certificates, but are to receive statements or other evidence of such ownership of beneficial interests from sources from which such interests were purchased. Investors may purchase beneficial interests in the Bonds in book-entry form in the denomination of \$5,000 or any integral multiple thereof (except for one odd piece in excess of \$5,000). See "THE BONDS – Book-Entry Only System" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will, in turn, remit such payments to the owners of beneficial interests in the Bonds. Principal of the Bonds is payable on September 15 of each of the years set forth below, and interest on the Bonds is payable on each March 15 and September 15, commencing March 15, 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</u> <u>Maturing</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>Year</u>	<u>Amount</u> <u>Maturing</u>	<u>Interest</u> <u>Rate</u>	<u>Yield or</u> <u>Price</u>
2011	\$100,000	%	%	2019	\$625,000	%	%
2012	350,000			2020	625,000		
2013	350,000			2021	625,000		
2014	350,000			2022	625,000		
2015	400,000			2023	625,000		
2016	400,000			2024	625,000		
2017	400,000			2025	650,000		
2018	625,000			2026	653,000		

(plus accrued interest from September 15, 2010)

The Bonds are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. It is anticipated that the Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about September 24, 2010.

**ELECTRONIC BIDS VIA PARITY AND
SEALED PROPOSALS WILL BE RECEIVED
UNTIL 11:00 O'CLOCK A.M. ON SEPTEMBER 15, 2010
AT THE MUNICIPAL BUILDING
85 HUMBOLDT STREET
WOOD-RIDGE, NEW JERSEY 07075**

**THE MAYOR AND COUNCIL OF THE
BOROUGH OF WOOD-RIDGE
BERGEN COUNTY
STATE OF NEW JERSEY**

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No broker, dealer, salesperson or other person has been authorized by the Borough or the Underwriters 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 Underwriters or, as to information from sources other than itself, by the Borough. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, 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 Underwriters have reviewed the information in this official statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do 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 Underwriters.

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**OFFICIAL STATEMENT
OF THE MAYOR AND COUNCIL OF THE BOROUGH OF WOOD-RIDGE
IN THE COUNTY OF BERGEN, NEW JERSEY
relating to**

\$8,028,000 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 Mayor and Council of the Borough of Wood-Ridge (the "Borough"), in the County of Bergen (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its \$8,028,000 General Improvement Bonds dated September 15, 2010 (the "Bonds"). This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer and the Borough 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 Underwriters 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 will be dated and bear interest from September 15, 2010 and will mature on September 15 in the years and in the principal amounts as set forth below. Interest on the Bonds is payable on each March 15 and September 15, commencing March 15, 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, as "Bond Registrar/Paying Agent". Interest on the Bonds will be credited to the DTC Participants (as hereinafter defined) as listed on the records of DTC as of the last business day of the month preceding the month in which such Interest Payment Date occurs (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity 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 (except for one odd piece in excess of \$5,000). 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	2019	625,000
2012	350,000	2020	625,000
2013	350,000	2021	625,000
2014	350,000	2022	625,000
2015	400,000	2023	625,000
2016	400,000	2024	625,000
2017	400,000	2025	650,000
2018	625,000	2026	653,000

Book-Entry Only System

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

DTC, the world's largest 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 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 will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 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.

Prior Redemption

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

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

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

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 August 10, 2010.

On July 14, 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 a minimal principal installment in 2011 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 the Bonds by the Borough.

The proceeds of the Bonds will be used to refinance \$8,028,000 of the Borough's outstanding bond anticipation notes maturing on September 28, 2010.

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

<u>Ordinance</u>	<u>Description</u>	<u>Amount</u>
2004-5/2006-8	Various Public Improvements	\$63,497
2005-15	Road Improvements, Acquisition of Vehicle for DPW, Acquisition of Equipment for Police, Improvements to Municipal Buildings and Property and Funding for the Curtiss Wright Redevelopment Project	91,903
2006-9	Improvements to Streets and Sidewalks, Storm and Sanitary Sewer Improvements, Acquisition of Vehicles, Improvements to Municipal Buildings and Property and Acquisition of Equipment and Machinery	810,523
2006-12/2007-17/2008-20	Borough Wide Shade Tree Management Program, Improvements to Street and Sidewalks, Improvements to Municipal Buildings and Property, Fire Engine Repairs, Acquisition of Equipment, Machinery and Vehicles, Storm and Sanitary Sewer Improvements and Environmental Remediation at DPW Yard	1,469,582

<u>Ordinance</u>	<u>Description</u>	<u>Amount</u>
2007-16/2007-18/2008-4/2008-21	Borough Wide Shade Tree Management Program, Park Reconstruction, Renovations to Historic Bianchi House, Improvements to Municipal Buildings and Property, Fire Engine Repairs, Acquisition of Various Equipment, Machinery and Vehicles, and Acquisition of New Fire Rescue Truck	1,788,240
2008-8	Donna Ricker Memorial Field Rehabilitation	601,720
2008-16	Sewer Improvements	1,047,000
2009-08	Traffic and Pedestrian Safety Improvements, Streetscape Improvements to Valley Boulevard and the 2009 Road Resurfacing Program	1,425,000
2009-24	Borough Wide Shade Tree Management Program, Improvements to Pump Stations, Improvements to Municipal Buildings and Property and Acquisition of New Equipment and Machinery for DPW and Fire Department	171,000
2010-1	Improvements to Bianchi House and Veterans Park, Improvements to Senior Center, Civic Center and other Municipal Buildings and Replacement of Shade Trees in conjunction with Road Improvement Projects	<u>559,535</u>
	Total General Improvement	<u>\$8,028,000</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 or tax anticipation notes during the balance of 2010. The Borough may issue bond anticipation notes as may be necessary during the remainder 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 August 15, 2010 (unaudited), the statutory net debt as a percentage of average equalized valuation was 1.07%. As noted above, the statutory limit is 3.50%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Purposes	\$14,108,239	\$4,500	\$14,103,739
School Purposes	<u>5,550,000</u>	<u>5,550,000</u>	<u>-0-</u>
	<u>\$19,658,239</u>	<u>\$5,554,500</u>	<u>\$14,103,739</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.

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 appropriation and tax levy increases for 2010 were within the limits allowed under the CAP Law and Chapter 62, taking into account applicable adjustments.

On July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment (the 2011 budget for the Borough) reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

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:

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

Chapter 28 of the Pamphlet Laws of 1997 of New Jersey amended Section 41 of the Local Budget Law to allow municipalities to reduce the reserve for uncollected taxes by taking into account prior year tax reductions resulting from tax appeal judgments awarded to property owners. Another statute, Chapter 99 of the Pamphlet Laws of 1997 of New Jersey, allows a municipality to (1) reduce the reserve for uncollected 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 was amended by P.L. 2000, c. 126, to eliminate the criteria for mandatory change of the fiscal year, but to continue to grant all municipalities the option to change to the State fiscal year. The 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.

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 three 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 three 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.

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.

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 a 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 C – 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 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 therefor and a certificate, dated as of the date of delivery of the Bonds and signed by the officers who signed the Bonds, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of taxes to pay the Bonds or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Bonds are issued, and that neither the corporate existence or boundaries of the Borough, nor the title of the said officers to their respective offices, is being contested.

SECONDARY MARKET DISCLOSURE

The Borough has agreed, pursuant to a resolution adopted on August 10, 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 "Budget Information", "Financial Information" and "Debt Information" in Appendix A hereof 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 Wood-Ridge Municipal Building, 85 Humboldt Street, Wood-Ridge, New Jersey, Nicholas Fargo, Chief Financial Officer, (201) 939-0202.

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 Clerk on behalf of the Borough.

**THE MAYOR AND COUNCIL OF THE
BOROUGH OF WOOD-RIDGE, IN THE
COUNTY OF BERGEN, NEW JERSEY**

By: /s/
Nicholas Fargo
Chief Financial Officer

By: /s/
Diane Thornley
Borough Clerk

Dated:

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE BOROUGH OF WOOD-RIDGE

GENERAL INFORMATION

Size and Geographical Location

The Borough of Wood-Ridge comprises an area of approximately 1.1 square miles, located in southwestern Bergen County and is situated 12 miles west of New York City. Surrounding municipalities include Carlstadt, Hasbrouck Heights, Lodi, Moonachie, and Wallington.

Form of Government

Wood-Ridge was incorporated in 1894 under the borough form of government. There is a Mayor and a six-member Council.

The Mayor is elected to serve a four-year term and may succeed that term by re-election. He 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 year, for terms of three years. The Council exercises general legislative powers conferred upon it by State law to protect and promote the general welfare of the Borough. Among these are the right to enact ordinances, approve resolutions, approve mayoral appointments, adopt the annual budget and determine the municipal tax levy. The Council, acting in committees, oversees the various departments and functions of the Borough Government.

Transportation

Because of its close proximity to New York City, many residents are employed in the City of New York and commute through access of mass transportation. Commuter rail service to New York City via the PATH is available from the Wood-Ridge Train Station. Bus service in the Borough is provided by New Jersey Transit which runs throughout the metropolitan area.

Borough residents have easy access to all parts of New Jersey and New York via Route 17, Route 3, Route 80, the Garden State Parkway and the New Jersey Turnpike, all of which are located near the Borough.

Protection

Wood-Ridge is served by a police department consisting of the chief and 18 officers and patrolmen. Several of these officers wear two hats by serving in the patrol division and also serving as Detectives, traffic officers, juvenile officers, DARE officers, range officers, crime prevention and anti-crime officers. It is also served by a volunteer fire department of approximately 55 who operate 3 engines, 1 ladder truck, 1 heavy rescue truck, 3 command vehicles and 2 ambulances. Free ambulance and rescue service is provided to the public on a 24 hour a day basis.

Sanitation

The Borough provides garbage collection for all homes on a weekly basis. The Borough contracts with a private scavenger for these services. Payment for such garbage collection services is part of the general property tax levy. Sewerage disposal is provided under contract by the Bergen County Utilities Authority. For this service the Borough pays an annual service charge based on the metered flow of sewerage. This service charge is part of the general property tax levy.

Utilities

Electricity and gas are supplied by Public Service Electric and Gas. United Water New Jersey supplies the Borough's water.

Recreation

The Borough has a year round community recreation program administered by a recreation commission appointed by the mayor. The Borough has a very active Little League which makes use of its own field created for that purpose. It also has "Pop Warner" football, basketball and softball leagues. A Civic Center houses the activities of Senior Citizens, youth activities and meeting rooms for all civic organizations.

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 five-member Board of Education elected by the voters of the school district. The school district provides for kindergarten through 12th grade.

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 Wood-Ridge, the County of Bergen and the State of New Jersey:

	<u>Total Labor</u> <u>Force</u>	<u>Employed</u> <u>Labor Force</u>	<u>Total</u> <u>Unemployed</u>	<u>Unemployment</u> <u>Rate</u>
<u>Borough of Wood-Ridge</u>				
2009	4,359	4,064	295	6.8%
2008	4,345	4,181	164	3.8%
2007	4,321	4,196	124	2.9%
2006	4,348	4,207	141	3.2%
2005	4,508	4,372	137	3.0%
<u>County of Bergen</u>				
2009	480,500	442,500	38,000	7.9%
2008	477,000	455,600	21,400	4.5%
2007	473,700	457,300	16,300	3.4%
2006	476,200	457,800	18,400	3.9%
2005	470,000	452,400	17,600	3.7%
<u>State of New Jersey</u>				
2009	4,536,700	4,118,400	418,300	9.2%
2008	4,496,700	4,251,200	245,500	5.5%
2007	4,462,300	4,271,700	190,600	4.3%
2006	4,492,800	4,283,600	209,200	4.7%
2005	4,431,600	4,232,800	198,700	4.5%

Source: Borough of Wood-Ridge.

Population

Population trends for the Borough, County and the State of New Jersey since 1980 are shown below:

<u>Area</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2009</u>
Borough of Wood-Ridge	7,929	7,506	7,644	7,462
County of Bergen	845,385	825,380	884,118	895,250
State of New Jersey	7,365,011	7,730,188	8,414,350	8,707,739

Source: U.S. Census Bureau.

Economic Development

Wesmont Station, a mixed use, transit oriented redevelopment project on the site of the former Curtiss Wright Airplane plant, is currently being developed by three national real estate developers: Somerset Development, Avalon Bay Communities and Centex Homes, a division of Pulte Homes. The project has received all state and local approvals, the site has been environmentally remediated and construction is scheduled to begin by the end of 2010 with the first residential units available for occupancy in 2012.

The 60 acre site will include approximately 800 units of housing consisting of single family homes, townhomes and luxury rental apartments, approximately 120,000 square feet of retail space, athletic fields and parks, and a new train station along the Bergen County Line, just three stops from NY Penn Station and eleven miles from mid-town Manhattan. New Jersey Transit has already approved this new station, which when completed in 2012, will make Wood-Ridge one of the few communities in Bergen County with two train stations on different line (Pascack Valley Line and Bergen County Line). Additionally, the developer is providing funding for the construction of a new school and for renovations to existing education and recreation facilities.

This project will provide approximately \$300 million in new ratables, which equates to a 25% increase in the Borough's tax base. Tax revenue derived from this development is expected to significantly exceed the costs of providing services.

Source: Borough of Wood-Ridge.

BUDGET INFORMATION
Current Fund
(As Adopted)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Anticipated Revenues					
Fund Balance			\$ 385,468		
Miscellaneous Revenues	\$ 2,500,659	2,913,511	2,441,861	\$ 2,345,582	\$ 3,183,853
Receipts from Delinquent Taxes	200,000	175,000	200,000	145,000	148,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>10,083,655</u>	<u>9,411,158</u>	<u>8,921,306</u>	<u>8,535,230</u>	<u>7,670,237</u>
	<u>\$ 12,784,314</u>	<u>\$ 12,499,669</u>	<u>\$ 11,948,635</u>	<u>\$ 11,025,812</u>	<u>\$ 11,002,090</u>
Appropriations					
Salaries and Wages	\$ 4,641,668	\$ 4,470,550	\$ 4,395,150	\$ 3,995,115	\$ 3,970,000
Other Expenses	4,937,446	4,769,126	4,536,036	4,405,227	4,273,852
Deferred Charges and Statutory Expenditures	1,335,679	1,571,706	1,292,539	876,753	1,215,438
Capital Improvement Fund	150,000	50,000	150,000	120,000	190,000
Municipal Debt Service	1,326,981	1,268,613	1,214,378	1,292,779	1,045,330
Reserve for Uncollected Taxes	<u>392,540</u>	<u>369,674</u>	<u>360,532</u>	<u>335,938</u>	<u>307,470</u>
	<u>\$ 12,784,314</u>	<u>\$ 12,499,669</u>	<u>\$ 11,948,635</u>	<u>\$ 11,025,812</u>	<u>\$ 11,002,090</u>

Source: Borough of Wood-Ridge Annual Budgets.

FINANCIAL INFORMATION

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

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>
2009	\$ 328,589	\$ -
2008	328,589	-
2007	714,057	385,468
2006	534,180	-
2005	183,573	-

Source: Borough of Wood-Ridge Annual Audit Reports

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2009	\$ 25,074,173	\$ 24,807,838	98.94%
2008	23,795,512	23,564,834	99.03%
2007	22,400,893	22,143,435	98.85%
2006	20,535,308	20,365,550	99.17%
2005	17,971,289	17,797,154	99.03%

Source: Borough of Wood-Ridge 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	\$ 1,853	\$ 215,087	\$ 216,940	0.87%
2008	1,770	194,120	195,890	0.82%
2007	1,691	212,639	214,330	0.96%
2006	1,616	149,588	151,204	0.74%
2005	1,547	154,530	156,077	0.87%

Source: Borough of Wood-Ridge Annual Audit Reports

Assessed Valuation of Property Owned by the Borough Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2009	\$ 82,300
2008	82,300
2007	82,300
2006	82,300
2005	82,300

Source: Borough of Wood-Ridge 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>
Wood-Ridge Industrial	\$ 101,482,000
One Ethel Blvd. LLC	8,048,900
Cliff View Gardens	6,400,000
Deldor Realty @ Fiesta	6,393,000
One Park Place East, LLC	3,659,500
Home Properties	3,500,000
JRMA Holding LLC	3,348,700
Julius Blum & Co.	3,291,200
Prince Packing Products	3,065,200
Starfire Lighting	2,434,100
	<hr/>
	\$ 141,622,600

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	\$ 56,529,300	\$ 584,494,100	\$ 37,973,600	\$ 17,209,800	\$ 87,080,400	\$ 783,287,200
2009	57,093,700	581,687,900	37,973,600	17,209,800	87,080,400	781,045,400
2008	56,865,200	580,594,200	38,213,700	19,156,300	87,080,400	781,909,800
2007	56,001,500	580,734,500	38,193,700	19,156,300	87,080,400	781,166,400
2006	3,214,200	578,958,500	78,562,000	19,156,300	87,080,400	766,971,400

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	\$ 783,287,200	\$ 614,644	\$ 783,901,844	60.57%	\$ 1,315,447,940
2009	781,045,400	535,480	781,580,880	58.25%	1,363,919,828
2008	781,909,800	534,774	782,444,574	58.96%	1,348,779,852
2007	781,166,400	562,640	781,729,040	63.91%	1,244,132,742
2006	766,971,400	613,872	767,585,272	71.02%	1,101,757,382

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>
2010	\$	3.349	\$	1.286	\$	1.736	\$	0.327
2009		3.201		1.204		1.661		0.336
2008		3.037		1.141		1.576		0.320
2007		2.860		1.106		1.471		0.283
2006		2.670		1.005		1.402		0.263

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>
2010	\$	26,250,915	\$	10,083,655	\$	2,553,917	\$	13,613,343
2009		25,074,173		9,465,442		2,623,758		12,984,973
2008		23,795,512		8,971,320		2,495,777		12,328,415
2007		22,400,893		8,636,057		2,262,060		11,502,776
2006		20,535,308		7,712,636		2,058,880		10,763,792

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 August 15, 2010 (Unaudited)

Municipal

Equalized Valuation Basis (last 3 years average)	\$ 1,318,911,890
3 1/2% Borrowing Margin	46,161,916
Net Debt Issued, Outstanding and Authorized	14,103,739
Remaining Municipal Borrowing Capacity	32,058,177

Local School

4% Borrowing Margin	52,756,476
Debt, Issued, Outstanding and Authorized	5,550,000
Remaining School Borrowing Capacity	47,206,476

Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt</u>	<u>Statutory Net Debt</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Percentage</u>
2009	\$ 17,173,804	\$ 11,960,070	0.90%
2008	17,173,804	10,720,604	0.83%
2007	16,135,282	9,202,176	0.77%
2006	15,491,706	8,784,868	0.83%
2005	14,608,417	7,509,062	0.80%

Source: Borough of Wood-Ridge Audit Reports and 2009 Annual Debt Statement.

Statement of Indebtedness
As of August 15, 2010 (Unaudited)

GENERAL PURPOSES

Bonds Issued and Outstanding	\$ 3,453,000	
Bond Anticipation Notes	7,798,799	
Bonds and Notes Authorized But Not Issued	<u>2,856,440</u>	
		\$ 14,108,239

LOCAL SCHOOL

Bonds Issued and Outstanding		<u>5,550,000</u>
------------------------------	--	------------------

TOTAL GROSS DEBT 19,658,239

STATUTORY DEDUCTIONS

Municipal Purpose	4,500	
Local School	<u>5,550,000</u>	
		<u>5,554,500</u>

TOTAL NET DEBT \$ 14,103,739

OVERLAPPING DEBT

County of Bergen (Note 1)	\$ 4,958,008	
Bergen County Utilities Authority (Note 2)	<u>2,024,335</u>	
		<u>\$ 6,982,343</u>

GROSS DEBT

Per Capita (2009 Census - 7,462)	\$ 2,634
Percent of Net Valuation Taxable (2010 - \$783,901,844)	2.51%
Percent of Estimated True Value of Real Property (2010 - \$1,315,447,940)	1.49%

NET MUNICIPAL DEBT

Per Capita (2009 Census - 7,462)	\$ 1,890
Percent of Net Valuation Taxable (2010 - \$783,901,844)	1.80%
Percent of Estimated True Value of Real Property (2010 - \$1,315,447,940)	1.07%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2009 Census - 7,462)	\$ 3,570
Percent of Net Valuation Taxable (2010 - \$783,901,844)	3.40%
Percent of Estimated True Value of Real Property (2010 - \$1,315,447,940)	2.03%

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 2008 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 Wood-Ridge.

APPENDIX B

**INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS
OF THE BOROUGH OF WOOD-RIDGE,
IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY**

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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 Wood-Ridge
Wood-Ridge, New Jersey

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

Except as discussed in the following 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 Wood-Ridge'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 Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Trust Fund financial activities are included in the Borough's Trust Fund,

and represent 56 and 43 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2009 and 2008.

In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Wood-Ridge as of December 31, 2009 and 2008, the changes in its financial position and 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 of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited, the financial statements - regulatory basis referred to above present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Wood-Ridge 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 statement of revenues - regulatory basis and the statement of expenditures - regulatory basis of the Current Fund 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
June 17, 2010

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

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 664,952	\$ 413,659
Cash - Change Funds	<u>325</u>	<u>325</u>
	<u>665,277</u>	<u>413,984</u>
Receivables and Other Assets With Full Reserves		
Delinquent Property Taxes	215,087	194,120
Tax Title Liens	1,853	1,770
Property Acquired for Taxes - Assessed Value	82,300	82,300
Revenue Accounts Receivable	600,000	573,989
Other Accounts Receivable	5,705	26,190
Prepaid School Taxes	-	156,302
Due from Other Trust Fund	4,937	97,897
Due from Unemployment Insurance Fund	13	6,050
Due from Public Assistance Fund	13	9,900
Due from Animal Control Fund	<u>5</u>	<u>-</u>
	<u>909,913</u>	<u>1,148,518</u>
Deferred Charges		
Emergency Appropriation	-	157,250
Operating Deficit	<u>341,895</u>	<u>461,791</u>
	<u>341,895</u>	<u>619,041</u>
Total Assets	<u>\$ 1,917,085</u>	<u>\$ 2,181,543</u>

**BOROUGH OF WOOD-RIDGE
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	\$ 71,116	\$ 175,326
Encumbrances Payable	169,820	115,125
Accounts Payable	143	
Prepaid Taxes	61,468	54,399
Tax Overpayment	135	106
School Tax Payable	2,993	
County Taxes Payable	5,856	3,442
Due to State of New Jersey		
Building Surcharge Fees	4,169	3,669
Department of Health - Division of Youth and		
Family Services	175	168
Senior Citizens and Veterans	10,543	10,734
Appropriated Reserves for Grants	32,496	16,725
Unappropriated Reserves for Grants	6,644	7,465
Miscellaneous Reserves	39,300	4,900
Reserve for Tax Appeal	237,201	237,201
Due To General Capital Fund	36,524	75,106
Due To Animal Control Fund	-	70
	<hr/>	<hr/>
	678,583	704,436
Reserve for Receivables	909,913	1,148,518
Fund Balance	<hr/>	<hr/>
	328,589	328,589
	<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance	<u>\$ 1,917,085</u>	<u>\$ 2,181,543</u>

BOROUGH OF WOOD-RIDGE
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 Anticipated		\$ 385,468
Miscellaneous Revenue Anticipated	\$ 2,285,315	2,163,308
Receipts from Delinquent Taxes	189,153	207,428
Receipts from Current Taxes	24,807,838	23,564,834
Non-Budget Revenue	68,105	37,569
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	13,676	25,468
Prior Year Other Accounts Receivable	24,311	45,707
Cancellation of Prior Year Accounts Payable		5,119
Cancellation of Prior Year Appropriated Grant Reserve		3,167
Interfunds Returned	79,568	
Prior Year Senior Citizen Allowed	-	250
	<u>27,467,966</u>	<u>26,438,318</u>
Total Income		
	<u>27,467,966</u>	<u>26,438,318</u>
EXPENDITURES		
Budget and Emergency Appropriations		
Operations		
Salaries and Wages	4,750,230	4,521,285
Other Expenses	4,489,446	4,778,957
Capital Improvements	50,000	150,000
Municipal Debt Service	1,268,604	1,211,927
Deferred Charges and Statutory Expenditures	1,571,706	1,316,677
County Taxes	2,481,510	2,357,457
County Open Space	136,392	134,878
Amount Due County for Added and Omitted Taxes	5,856	3,442
Local District School Tax	12,984,973	12,328,415
Other Debits		
Establish Reserve For Accounts Receivable	5,705	26,190
Interfund Advances	-	38,032
Establish Reserve For Prepaid Items	-	156,302
Refund of Prior Year Revenues	414	23,351
Senior Citizen/Veteran Disallowed - Prior Year	1,629	4,446
Cancellation of Prior Year Receivables/Interfunds	63,396	6,000
	<u>27,809,861</u>	<u>27,057,359</u>
Total Expenditures		
	<u>27,809,861</u>	<u>27,057,359</u>
Deficit in Revenue	(341,895)	(619,041)
Adjustments to Income Before Fund Balance		
Revenue Differences Included Above Which are for Statutory		

BOROUGH OF WOOD-RIDGE
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS 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	\$ -	\$ -	\$ 385,468	\$ 385,468
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	13,000	13,755	13,792	13,755
Other	4,000	4,178	4,000	4,287
Fees and Permits	45,000	42,854	39,500	52,043
Municipal Court	124,000	103,757	124,000	136,497
Interest and Cost on Taxes	33,000	42,910	31,400	40,336
Interest on Investments & Deposits	50,000	21,200	113,000	60,497
Cable TV Fees	24,000	57,555	23,535	24,283
Uniform Construction Code Fees	95,000	107,049	87,000	109,234
Uniform Fire Safety Act	24,000	26,264	24,432	43,900
Payment in Lieu of Taxes	1,200,000	600,000	538,670	-
Debt Service Reimbursement - Wood-Ridge Development, LLC	58,423	58,422		
Prepaid School Tax	156,302	156,302		
Due from Other Trust Fund	56,531	29,311		
Due from General Capital Fund			157,986	157,986
General Capital Fund Surplus	17,000	17,000	17,000	17,000
State and Federal Aid				
Extraordinary Aid			250,000	250,000
Consolidated Municipal Property Tax Relief Aid	337,024	337,024	409,986	409,986
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	649,428	649,428	601,759	601,759
Clean Communities Program	19,338	10,841	8,460	8,460
Municipal Recycling Assistance Program			3,451	3,451
Alcohol Education and Rehabilitation	482	482		
Police Body Armor Grant Replacement	2,142	2,142	2,350	2,350
Solid Waste Adm. Recycling Grant			3,529	3,529
Hazardous Discharge			189,982	189,982
Drunk Driving Enforcement Fund			33,973	33,973
Municipal Stormwater Grant	2,117	2,117	-	-
Bergen 200 Club	2,724	2,724	-	-
Total Miscellaneous Revenues	<u>2,913,511</u>	<u>2,285,315</u>	<u>2,677,805</u>	<u>2,163,308</u>

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2009 STATEMENT OF EXPENDITURES

CURRENT FUND

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

	<u>2009 Appropriated</u>		<u>2009 Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 64,700	\$ 64,585	\$ 64,585		
Other Expenses	16,000	23,000	22,846	\$ 154	
Mayor and Council					
Salaries and Wages	27,700	26,194	26,193	1	
Other Expenses	4,000	3,432	3,431	1	
Municipal Clerk					
Salaries and Wages	240,000	245,251	245,250	1	
Other Expenses	41,000	28,512	24,908	3,604	
Financial Administration					
Salaries and Wages	70,000	68,357	68,356	1	
Other Expenses	50,000	31,795	28,386	3,409	
Audit Services	70,000	28,057	28,056	1	
Revenue Administration					
Salaries and Wages	72,000	69,451	69,450	1	
Other Expenses	15,000	10,400	10,322	78	
Tax Assessment Administration					
Salaries and Wages	16,400	16,400	16,400		
Other Expenses	1,200	8,490	8,489	1	
Legal Services					
Other Expenses	160,000	144,179	144,178	1	
Engineering Services					
Other Expenses	35,000	9,000	7,328	1,672	
Historical Sites Office					
Other Expenses	1,500	509	509		
Land Use Administration					
Planning Board					
Salaries and Wages	5,125	5,125	5,125		
Other Expenses	12,000	9,613	9,612	1	
Zoning Board of Adjustment					
Salaries and Wages	5,125	5,125	5,125		
Other Expenses	6,000	439	439		
Insurance					
General Liability	162,000	142,155	142,154	1	
Unemployment Insurance	25,000	25,000	25,000		
Workers Compensation Insurance	194,500	194,500	194,500		
Employee Group Health	1,203,000	1,105,228	1,105,228		
MUNICIPAL COURT					
Salaries and Wages	85,100	81,721	81,721		
Other Expenses	12,500	7,700	7,682	18	
Public Defender					
Salaries and Wages	4,000	4,000	4,000		
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	2,700,000	2,948,000	2,939,161	8,839	
Other Expenses	110,000	53,000	52,848	152	
ADAC Program	2,500	485	485		
Police Auxiliary					
Other Expenses	4,000	3,770	3,769	1	

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

	<u>2009 Appropriated</u>		<u>2009 Expended</u>		Unexpended Balances <u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
PUBLIC SAFETY FUNCTIONS					
Office of Emergency Management					
Salaries and Wages	\$ 5,000	\$ 5,834	\$ 5,833	\$ 1	
Other Expenses	1,000				
Aid to Volunteer Ambulance Co.					
Other Expenses	15,000	14,000	13,755	245	
Fire Department					
Clothing Allowance	82,000	75,900	75,900		
Miscellaneous	45,000	47,000	46,643	357	
Fire Hydrant Service	65,200	79,200	72,416	6,784	
Uniform Fire Safety Act (Ch. 383 P.L. 1983)					
Fire Official					
Salaries and Wages	10,000	10,000	10,000		
Other Expenses	16,500	12,255	12,255		
Municipal Prosecutor					
Salaries and Wages	9,000	9,000	9,000		
PUBLIC WORKS FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	775,000	820,000	817,782	2,218	
Other Expenses	27,000	31,500	30,900	600	
Sewer System Maintenance					
Other Expenses	10,000	4,660	4,660		
Shade Tree					
Salaries and Wages	4,600				
Other Expenses	3,000	2,385	2,385		
Solid Waste Collection					
Recycling Program					
Salaries and Wages	7,500	7,354	7,354		
Other Expenses	35,000	32,000	24,252	7,748	
Garbage and Trash Removal	710,000	712,091	712,090	1	
Buildings and Grounds					
Other Expenses	50,000	53,000	53,000		
Vehicle Maintenance					
Salaries and Wages	154,000	156,800	156,265	535	
Other Expenses	70,000	85,000	85,000		
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	33,500	28,600	28,600		
Other Expenses	42,800	43,100	43,063	37	
Welfare/Administration of Public Assistance					
Salaries and Wages	7,000	6,728	6,727	1	
Other Expenses	700	285	285		
PARK AND RECREATION FUNCTIONS					
Recreation and Services and Programs					
Salaries and Wages	46,800	47,173	47,173		
Other Expenses	50,000	50,000	50,000		
Senior Citizen Organizations	6,000	4,064	4,064		
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Event, Anniversary or Holiday					
Other Expenses	18,000	7,396	7,396		

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

	<u>2009 Appropriated</u>		<u>2009 Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
CODE ENFORCEMENT AND ADMINISTRATION					
Construction Official					
Salaries and Wages	\$ 98,000	\$ 114,321	\$ 114,321		
Other Expenses	16,000	11,400	11,329	\$ 71	
Other Code Enforcement Functions					
Sub-Code Officials					
Building Inspector					
Salaries and Wages	5,000				
Plumbing Inspector					
Salaries and Wages	10,000	120	120		
Electrical Inspector					
Salaries and Wages	10,000	10,091	10,090	1	
State Uniform Safety Code Act					
Fire Protection Official					
Salaries and Wages	5,000				
UTILITY EXPENSES AND BULK PURCHASES					
Street Lighting	89,400	96,400	85,194	11,206	
Telephone	60,000	57,000	53,026	3,974	
Water	6,500	2,500	2,421	79	
Natural Gas and Electricity	134,000	133,000	124,887	8,113	
Sewerage Processing and Disposal					
Gasoline	64,000	79,220	73,463	5,757	-
Total Operations Within "CAPS"	8,212,850	8,212,850	8,147,185	65,665	-
Total Operations Including Contingent -					
Within "CAPS"	8,212,850	8,212,850	8,147,185	65,665	-
Detail:					
Salaries & Wages	4,470,550	4,750,230	4,738,631	11,599	-
Other Expenses (Including Contingent)	3,742,300	3,462,620	3,408,554	54,066	-
DEFERRED CHARGES AND REGULATORY					
EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deferred Charges					
Deficit in Animal Control Fund	397	397	397		
Statutory Charges					
Social Security System (O.A.S.I.)	208,000	208,000	204,872	3,128	
Contribution to PERS-Early Ret. Incentive Prog.	25,470	25,470	25,470		
Contribution to Public Employees Retirement System	150,623	150,623	150,623		
Contribution to Police and Firemen's Retirement System-					
Early Retirement Incentive Program	25,104	25,104	25,104		
Contribution to Police and Firemen's Retirement System	537,757	537,757	537,757		
Deferred Contribution Retirement Plan	100	100	-	100	-
Total Deferred Charges & Statutory Expenditures -					
Municipal Within "CAPS"	947,451	947,451	944,223	3,228	-
Total General Appropriations for Municipal					
Purposes Within "CAPS"	9,160,301	9,160,301	9,091,408	68,893	-

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

	<u>2009 Appropriated</u>		<u>2009 Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
PUBLIC SAFETY FUNCTIONS					
Length of Service Award Program (LOSAP)	\$ 51,000	\$ 51,000	\$ 48,840	\$ 2,160	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library (Chapter 273, P.L. 1985)	447,623	447,623	447,623		
UTILITY EXPENSES AND BULK PURCHASES					
BCUA - Sewer Charges	<u>501,400</u>	<u>501,400</u>	<u>501,337</u>	<u>63</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,000,023</u>	<u>1,000,023</u>	<u>997,800</u>	<u>2,223</u>	<u>-</u>
Public and Private Programs Offset by Revenues					
Clean Communities Grant - 2009	10,841	10,841	10,841		
Police Body Armor Replacement Grant	2,142	2,142	2,142		
Alcohol Education Grant	482	482	482		
Municipal Stormwater Grant	2,117	2,117	2,117		
Reserve for Clean Communities Grant	8,497	8,497	8,497		
Bergen 200 Club	<u>2,724</u>	<u>2,724</u>	<u>2,724</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>26,803</u>	<u>26,803</u>	<u>26,803</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,026,826</u>	<u>1,026,826</u>	<u>1,024,603</u>	<u>2,223</u>	<u>-</u>
Detail:					
Salaries and Wages	-	-	-		
Other Expenses	<u>1,026,826</u>	<u>1,026,826</u>	<u>1,024,603</u>	<u>2,223</u>	<u>-</u>
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 320,000	\$ 320,000	\$ 320,000		
Payment of Bond Anticipation Notes and Capital Notes	575,400	575,400	575,395		\$ 5
Interest on Bonds	151,705	151,705	151,704		1
Interest on Notes	120,398	120,398	120,397		1
Capital Lease Obligations Approved prior to July 1, 2007					
Principal	40,178	40,178	40,178		
Interest	2,509	2,509	2,509		
Capital Lease Obligations Approved After July 1, 2007					
Interest	<u>58,423</u>	<u>58,423</u>	<u>58,421</u>	<u>-</u>	<u>2</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>1,268,613</u>	<u>1,268,613</u>	<u>1,268,604</u>	<u>-</u>	<u>9</u>

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

	<u>2009 Appropriated</u>		<u>2009 Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
DEFERRED CHARGES - MUNICIPAL EXCLUDED FROM "CAPS"					
Emergency Authorizations	\$ 157,250	\$ 157,250	\$ 157,250		
Cancelled General Capital Fund Grants	<u>5,214</u>	<u>5,214</u>	<u>5,214</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>162,464</u>	<u>162,464</u>	<u>162,464</u>	<u>-</u>	<u>-</u>
With Prior Written Consent of Local Finance Board: Cash Deficit of Preceding Year	<u>461,791</u>	<u>461,791</u>	<u>461,791</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>2,969,694</u>	<u>2,969,694</u>	<u>2,967,462</u>	<u>\$ 2,223</u>	<u>\$ 9</u>
Subtotal General Appropriations	12,129,995	12,129,995	12,058,870	71,116	9
Reserve for Uncollected Taxes	<u>369,674</u>	<u>369,674</u>	<u>369,674</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$12,499,669</u>	<u>\$12,499,669</u>	<u>\$12,428,544</u>	<u>\$ 71,116</u>	<u>\$ 9</u>

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2008 STATEMENT OF EXPENDITURES

CURRENT FUND

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

	<u>2008 Appropriated</u>		<u>2008 Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 62,400	\$ 62,250	\$ 62,250		
Other Expenses	17,000	17,000	15,191	\$ 1,809	
Mayor and Council					
Salaries and Wages	26,700	26,316	26,316		
Other Expenses	4,000	5,753	5,753		
Municipal Clerk					
Salaries and Wages	215,000	218,300	218,243	57	
Other Expenses	41,000	34,729	34,546	183	
Financial Administration					
Salaries and Wages	74,900	78,821	78,810	11	
Other Expenses	53,000	39,000	38,204	796	
Audit Services	65,000	68,300	61,754	6,546	
Revenue Administration					
Salaries and Wages	62,000	62,741	62,671	70	
Other Expenses	15,000	14,423	14,423		
Tax Assessment Administration					
Salaries and Wages	16,400	16,400	16,400		
Other Expenses	1,000	1,340	1,340		
Legal Services					
Other Expenses	120,000	110,100	108,392	1,708	
Engineering Services					
Other Expenses	35,000	18,000	17,974	26	
Historical Sites Office					
Other Expenses	1,500	1,500	1,294	206	
Land Use Administration					
Planning Board					
Salaries and Wages	5,125	5,125	5,125		
Other Expenses	12,000	12,655	12,655		
Zoning Board of Adjustment					
Salaries and Wages	5,125	5,125	5,125		
Other Expenses	6,000	6,817	6,817		
Insurance					
Liability Insurance	160,200	145,836	145,768	68	
Insurance - Other	23,000	23,000	23,000		
Workers Compensation Insurance	181,750	181,739	181,739		
Group Insurance Plan for Employees	955,000	1,045,000	1,044,737	263	
MUNICIPAL COURT					
Salaries and Wages	82,000	81,814	81,814		
Other Expenses	12,000	14,223	13,950	273	
Public Defender					
Salaries and Wages	2,000	2,000	2,000		
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	2,368,670	2,438,670	2,400,300	38,370	
Other Expenses	105,000	87,307	86,960	347	
ADAC Program	2,500	2,500	2,447	53	
Police Auxiliary					
Other Expenses	3,500	3,126	3,126		

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

	<u>2008 Appropriated</u>		<u>2008 Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
PUBLIC SAFETY FUNCTIONS					
Office of Emergency Management					
Other Expenses	\$ 1,800	\$ 29,050	\$ 29,048	\$ 2	
Aid to Volunteer Ambulance Co.					
Other Expenses	13,000	12,781	12,780	1	
Fire Department					
Clothing Allowance	82,000	77,420	77,274	146	
Right to Know					
Miscellaneous	42,000	38,204	38,204		
Fire Hydrant Service	62,000	67,000	60,332	6,668	
Uniform Fire Safety Act (Ch. 383 P.L. 1983)					
Fire Official					
Salaries and Wages	10,000	10,334	10,334		
Other Expenses	16,500	16,817	16,817		
Municipal Prosecutor					
Salaries and Wages	9,000	9,000	9,000		
PUBLIC WORKS FUNCTIONS					
Streets and Roads Maintenance					
Salaries and Wages	758,000	793,500	789,719	3,781	
Other Expenses	25,000	27,723	27,722	1	
Other Public Works Functions					
Shade Trees - Other Expenses	5,000	823	823		
Solid Waste Collection					
Recycling Program					
Salaries and Wages	7,500	5,799	5,798	1	
Other Expenses	25,000	27,000	25,834	1,166	
Garbage and Trash Removal	703,000	669,000	668,074	926	
Buildings and Grounds					
Other Expenses	50,000	47,000	46,988	12	
Vehicle Maintenance					
Salaries and Wages	148,000	153,656	152,744	912	
Other Expenses	70,000	67,000	63,680	3,320	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	30,000	27,448	27,424	24	
Other Expenses	37,000	43,483	43,482	1	
PEOSHA	12,000	1,976	1,976		
Welfare/Administration of Public Assistance					
Salaries and Wages	6,000	5,985	5,984	1	
Other Expenses	700	217	217		
PARK AND RECREATION FUNCTIONS					
Recreation and Services and Programs					
Salaries and Wages	45,000	44,409	44,223	186	
Other Expenses	48,000	48,000	47,750	250	
Senior Citizen Organizations	4,500	4,549	4,509	40	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Event, Anniversary or					
Holiday					
Other Expenses	20,000	12,000	9,523	2,477	

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

	<u>2008 Appropriated</u>		<u>2008 Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Continued)					
CODE ENFORCEMENT AND ADMINISTRATION					
Construction Official					
Salaries and Wages	\$ 70,000	\$ 101,400	\$ 101,351	\$ 49	
Other Expenses	15,000	11,539	11,518	21	
Other Code Enforcement Functions					
Sub-Code Officials					
Building Inspector					
Salaries and Wages	5,000	193	192	1	
Plumbing Inspector					
Salaries and Wages	10,000	445	445		
Electrical Inspector					
Salaries and Wages	10,000	10,031	10,030	1	
State Uniform Safety Code Act					
Fire Protection Official					
Salaries and Wages	5,000	193	192	1	
Other Expenses	1,000				
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	83,000	100,000	89,529	10,471	
Street Lighting	86,000	93,000	87,425	5,575	
Telephone	58,000	58,000	55,236	2,764	
Water	5,000	7,000	5,724	1,276	
Natural Gas	45,000	48,000	44,667	3,333	
Sewerage Processing and Disposal	6,000	6,135	6,134	1	
Gasoline	60,000	75,000	63,862	11,138	-
Total Operations Within "CAPS"	7,423,770	7,581,020	7,475,688	105,332	-
Total Operations Including Contingent -					
Within "CAPS"	7,423,770	7,581,020	7,475,688	105,332	-
Detail:					
Salaries & Wages	4,033,820	4,159,955	4,116,490	43,465	
Other Expenses (Including Contingent)	3,389,950	3,421,065	3,359,198	61,867	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deferred Charges					
Overexpenditure of Appropriations Reserves	13,558	13,558	13,558		
Deficit in Unemployment Fund	1,891	1,891	1,891		
Deficit in Animal Control Fund	1,269	1,269	1,269		
Statutory Charges					
Social Security System (O.A.S.I.)	198,000	198,000	194,321	3,679	
Contribution to PERS-Early Ret. Incentive Prog.	25,470	25,470	25,470	-	-
Police & Fireman's Retirement System of NJ	469,955	469,955	469,955	-	-
Total Deferred Charges & Statutory Expenditures -					
Municipal Within "CAPS"	710,143	710,143	706,464	3,679	-
Total General Appropriations for Municipal					
Purposes Within "CAPS"	8,133,913	8,291,163	8,182,152	109,011	-

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

	<u>2008 Appropriated</u>		<u>2008 Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Contribution to Public Employees Retirement System	\$ 117,820	\$ 117,820	\$ 117,820		
Reserve for Tax Appeals	148,424	148,424	148,424		
PUBLIC SAFETY FUNCTIONS					
Length of Service Award Program (LOSAP)	51,000	51,000	3,211	\$ 47,789	
EDUCATION FUNCTIONS					
Maintenance of Free Public Library (Chapter 273, P.L. 1985)	441,823	441,823	441,823		
UTILITY EXPENSES AND BULK PURCHASES					
BCUA - Sewer Charges	474,900	474,900	474,871	29	
SURPLUS APPROPRIATION					
Police Department					
Salaries and Wages	361,330	361,330	361,330		
Early Retirement Incentive Program	24,138	24,138	24,138	-	-
Total Other Operations Excluded from "CAPS"	<u>1,619,435</u>	<u>1,619,435</u>	<u>1,571,617</u>	<u>47,818</u>	<u>-</u>
Public and Private Programs Offset by Revenues					
Clean Communities Grant		8,460	8,460		
Municipal Recycling Assistance Program	3,451	3,451	3,451		
Solid Waste Administration Recycling Grant		3,529	276	3,253	
Drunk Driving Enforcement Fund		33,973	18,729	15,244	
Hazardous Discharge Site Remediation		189,982	189,982		
Police Body Armor Grant	2,350	2,350	2,350	-	-
Total Public and Private Programs Offset by Revenues	<u>5,801</u>	<u>241,745</u>	<u>223,248</u>	<u>18,497</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,625,236</u>	<u>1,861,180</u>	<u>1,794,865</u>	<u>66,315</u>	<u>-</u>
Detail:					
Salaries and Wages	361,330	361,330	361,330		
Other Expenses	1,263,906	1,499,850	1,433,535	66,315	-
CAPITAL IMPROVEMENTS EXCLUDED FROM "CAPS"					
Capital Improvement Fund	150,000	150,000	150,000	-	-
Total Capital Improvements Excluded from "CAPS"	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>

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

	<u>2008 Appropriated</u>		<u>2008 Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 310,000	\$ 310,000	\$ 310,000		
Payment of Bond Anticipation Notes	460,000	460,000	460,000		
Interest on Bonds	166,195	166,195	166,194		\$ 1
Interest on Notes	235,497	235,497	233,047		2,450
Bergen County Improvement Authority -					
Lease Repayment	42,686	42,686	42,686	-	-
Total Municipal Debt Service					
Excluded from "CAPS"	1,214,378	1,214,378	1,211,927	-	2,451
DEFERRED CHARGES - MUNICIPAL					
EXCLUDED FROM "CAPS"					
Emergency Authorizations	413,000	413,000	413,000		
Cancelled General Capital Fund Grants	51,576	51,576	51,576	-	-
Total Deferred Charges - Municipal					
Excluded from "CAPS"	464,576	464,576	464,576	-	-
Total General Appropriations for Municipal Purposes					
Excluded from "CAPS"	3,454,190	3,690,134	3,621,368	\$ 66,315	2,451
Subtotal General Appropriations	11,588,103	11,981,297	11,803,520	175,326	2,451
Reserve for Uncollected Taxes	360,532	360,532	360,532	-	-
Total General Appropriations	<u>\$11,948,635</u>	<u>\$12,341,829</u>	<u>\$12,164,052</u>	<u>\$ 175,326</u>	<u>\$ 2,451</u>

**BOROUGH OF WOOD-RIDGE
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	\$ 2,230	\$ 1,379
Due From Current Fund	<u>-</u>	<u>70</u>
	<u>2,230</u>	<u>1,449</u>
OTHER TRUST FUND		
Cash	264,587	330,041
Due From Unemployment Trust Fund	17,092	9,714
Due From Animal Control Fund	<u>-</u>	<u>1,767</u>
	<u>281,679</u>	<u>341,522</u>
UNEMPLOYMENT INSURANCE TRUST FUND		
Cash	<u>25,015</u>	<u>25,530</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)		
Investments	344,459	233,575
Contribution Receivable	<u>48,840</u>	<u>44,310</u>
	<u>393,299</u>	<u>277,885</u>
Total Assets	<u><u>\$ 702,223</u></u>	<u><u>\$ 646,386</u></u>

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

	<u>2009</u>	<u>2008</u>
LIABILITIES, RESERVES AND FUND BALANCE		
ANIMAL CONTROL FUND		
Due to Other Trust Fund		\$ 1,767
Due to State of New Jersey	\$ 1	79
Due to Current Fund	5	
Reserve for Animal Control Expenditures (Deficit)	<u>2,224</u>	<u>(397)</u>
	<u>2,230</u>	<u>1,449</u>
OTHER TRUST FUND		
Due to Current Fund	4,937	97,897
Due to General Capital Fund	1,000	3,236
Escrow Deposits	92,811	81,994
Miscellaneous Reserves	101,180	78,441
Accrued Salaries and Payroll Deductions	<u>81,751</u>	<u>79,954</u>
	<u>281,679</u>	<u>341,522</u>
UNEMPLOYMENT INSURANCE TRUST FUND		
Due to Current Fund	13	6,050
Due to Other Trust Fund	17,092	9,714
Reserve for Unemployment Insurance Claims	2,070	9,766
Due to State of New Jersey	<u>5,840</u>	<u>-</u>
	<u>25,015</u>	<u>25,530</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)		
Reserve for Benefits	<u>393,299</u>	<u>277,885</u>
 Total Liabilities, Reserves and Fund Balance	 <u><u>\$ 702,223</u></u>	 <u><u>\$ 646,386</u></u>

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

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 104,752	\$ 936,266
Deferred Charges to Future Taxation		
Funded	3,503,000	3,823,000
Unfunded	8,461,571	6,902,104
Cancelled Grants - To Be Raised by Taxation		5,214
Due from County of Bergen		58,000
Due from New Jersey Department of Transportation	295,426	65,978
Due from Other Grantor Agencies	158,020	207,000
Due from Other Trust Fund	1,000	3,236
Due from Current Fund	<u>36,524</u>	<u>75,106</u>
Total Assets	<u>\$ 12,560,293</u>	<u>\$ 12,075,904</u>
LIABILITIES, RESERVES AND FUND BALANCE		
General Serial Bonds	\$ 3,503,000	\$ 3,823,000
Bond Anticipation Notes	8,392,969	6,482,514
Improvement Authorization		
Funded	406	406
Unfunded	101,396	466,125
Capital Improvement Fund	45,114	79,115
Reserve for Grants Receivable		123,978
Reserve for Capital Projects		222,349
Reserve for Payment of Debt	4,500	4,500
Contracts Payable	473,619	832,904
Fund Balance	<u>39,289</u>	<u>41,013</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,560,293</u>	<u>\$ 12,075,904</u>

There were bonds and notes authorized but not issued on December 31, 2009 and 2008 of \$283,440 and \$818,290, respectively.

BOROUGH OF WOOD-RIDGE
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>
Balance, January 1	\$ 41,013	\$ 17,326
Increased by:		
Premium on Sale of Notes	15,276	38,042
Cancellation of Miscellaneous Reserve	<u>-</u>	<u>2,645</u>
	<u>15,276</u>	<u>40,687</u>
	56,289	58,013
Decreased by:		
Appropriated to Current Fund Budget Revenue	<u>17,000</u>	<u>17,000</u>
Balance, December 31	<u>\$ 39,289</u>	<u>\$ 41,013</u>

**BOROUGH OF WOOD-RIDGE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 17,702	\$ 46,234
LIABILITIES AND RESERVES		
Due to Current Fund	\$ 13	\$ 9,900
Reserve for Public Assistance Expenditures	<u>17,689</u>	<u>36,334</u>
	<u>\$ 17,702</u>	<u>\$ 46,234</u>

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

	<u>2009</u>	<u>2008</u>
ASSETS		
Land	\$ 2,676,100	\$ 2,676,100
Buildings and Building Improvements	2,893,894	2,893,894
Machinery and Equipment	<u>5,512,360</u>	<u>5,432,112</u>
	<u>\$ 11,082,354</u>	<u>\$ 11,002,106</u>
 INVESTMENT IN GENERAL FIXED ASSETS	 <u>\$ 11,082,354</u>	 <u>\$ 11,002,106</u>

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NOTES TO FINANCIAL STATEMENTS

BOROUGH OF WOOD-RIDGE
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 Wood-Ridge 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 Wood-Ridge (the "Borough") was incorporated in 1894 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 volunteer ambulance, 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 WOOD-RIDGE
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.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Length of Service Awards Program (LOSAP) Trust 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.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

**BOROUGH OF WOOD-RIDGE
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 of Wood-Ridge 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:

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. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. 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).

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.

**BOROUGH OF WOOD-RIDGE
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)

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.

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

Trust Funds
General Capital Fund
Public Assistance Fund

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 2008 the Borough Council increased the original budget by \$393,194. The 2009 original budget was not increased. The increases were a result of additional aid allotted to the Borough and for emergency authorizations to supplement the 2008 budgets. 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 WOOD-RIDGE
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.

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

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

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

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.

**BOROUGH OF WOOD-RIDGE
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 - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Wood-Ridge 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 drainage systems are not capitalized.

Fixed Assets purchased are stated as 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.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statements 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.

Reclassifications - Certain reclassifications have been made to the December 31, 2008 balances to conform to the December 31, 2009 presentation.

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.

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.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

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 the periods ending December 31, 2009 and 2008. 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 \$1,079,563 and \$1,753,434 and bank and brokerage firm balances of the Borough's deposits amounted to \$2,474,106 and \$4,317,108, 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>\$ 2,474,106</u>	<u>\$ 4,317,108</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, the Borough was not exposed to custodial credit risk.

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.

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.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

		Fair Value	
<u>2009</u>	<u>2009</u>		<u>2008</u>
Investment:			
Length of Service Award Program -			
Lincoln Financial	\$ 344,459		\$ 233,575

Custodial Credit Risk – Deposits – For an investment, this is the risk, that in the event of a failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2009 and 2008, \$344,459 and \$233,575 of the Borough's investments was exposed to custodial credit risk as follows:

		Fair Value (LOSAP)	
	<u>2009</u>		<u>2008</u>
Uninsured and Collateralized:			
Collateral held by pledging financial institution's			
trust department but not in the Borough's			
name (unaudited)	\$ 344,459		\$ 233,575

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2009 and 2008, the Borough's investment in Lincoln Financial Group was rated A-3, respectively, by Moody's Investor Services.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough's investments are in Lincoln Financial Group LOSAP Investment Fund. These investments are 100% of the Borough's total investments.

The fair value of the above-listed investments were based on quoted market prices.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 3 TAXES RECEIVABLE

Receivables at December 31, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
<u>Current</u>		
Property Taxes	\$ 215,087	\$ 194,120
Tax Title Liens	<u>1,853</u>	<u>1,770</u>
	<u>\$ 216,940</u>	<u>\$ 195,890</u>

In 2009 and 2008, the Borough collected \$189,135 and \$207,428 from delinquent taxes, which represented 96% and 97% of the prior year delinquent taxes receivable balance.

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 the general capital fund projects. 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 and Notes	\$ 11,895,969	\$ 10,305,514
Less Funds Temporarily Held to Pay Bonds and Notes	<u>219,338</u>	<u>403,200</u>
Net Debt Issued	11,676,631	9,902,314
Authorized But Not Issued		
General		
Bonds and Notes	<u>283,440</u>	<u>818,290</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 11,960,071</u>	<u>\$ 10,720,604</u>

BOROUGH OF WOOD-RIDGE
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 .90% and .83% at December 31, 2009 and 2008, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2009</u>			
General Debt	\$ 12,179,409	\$ 219,338	\$ 11,960,071
School Debt	<u>5,805,000</u>	<u>5,805,000</u>	<u>-</u>
Total	<u>\$ 17,984,409</u>	<u>\$ 6,024,338</u>	<u>\$ 11,960,071</u>
<u>2008</u>			
General Debt	\$ 11,123,804	\$ 403,200	\$ 10,720,604
School Debt	<u>6,050,000</u>	<u>6,050,000</u>	<u>-</u>
Total	<u>\$ 17,173,804</u>	<u>\$ 6,453,200</u>	<u>\$ 10,720,604</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)	\$ 46,161,916	\$ 45,118,779
Net Debt	<u>11,960,071</u>	<u>10,720,604</u>
Remaining Borrowing Power	<u>\$ 34,201,845</u>	<u>\$ 34,398,175</u>

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:

	<u>2009</u>	<u>2008</u>
\$2,306,000, 1999 Bonds, due in annual installments of \$285,000 to \$301,000 through September 15, 2011, interest at 4.90%	\$ 586,000	\$ 856,000
\$3,017,000, 2006 Bonds, due in annual installments of \$50,000 to \$427,000 through February 15, 2017, interest at 3.50% to 3.875%	<u>2,917,000</u>	<u>2,967,000</u>
	<u>\$ 3,503,000</u>	<u>\$ 3,823,000</u>

BOROUGH OF WOOD-RIDGE
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>Year</u>	<u>General</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 335,000	\$ 136,725	\$ 471,725
2011	651,000	115,760	766,760
2012	400,000	87,786	487,786
2013	415,000	73,319	488,319
2014	425,000	57,718	482,718
2015-2017	<u>1,277,000</u>	<u>74,304</u>	<u>1,351,304</u>
Total	<u>\$ 3,503,000</u>	<u>\$ 545,612</u>	<u>\$ 4,048,612</u>

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					
Serial Bonds Payable	<u>\$ 3,823,000</u>	<u>\$ -</u>	<u>\$ 320,000</u>	<u>\$ 3,503,000</u>	<u>\$ 335,000</u>
	Balance, December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2008</u>	Due Within One Year
<u>2008</u>					
General Capital Fund					
Serial Bonds Payable	<u>\$ 4,133,000</u>	<u>\$ -</u>	<u>\$ 310,000</u>	<u>\$ 3,823,000</u>	<u>\$ 320,000</u>

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 MUNICIPAL DEBT (Continued)

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	<u>\$ 6,482,514</u>	<u>\$ 8,392,969</u>	<u>\$ 6,482,514</u>	<u>\$ 8,392,969</u>
	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	<u>\$ 5,189,775</u>	<u>\$ 6,482,514</u>	<u>\$ 5,189,775</u>	<u>\$ 6,482,514</u>

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or 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	There were none			
	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>\$ 1,800,000</u>	<u>\$ 1,200,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 5 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>	<u>Retirements</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Land	\$ 2,676,100			\$ 2,676,100
Buildings and Building Improvements	2,893,894			2,893,894
Machinery and Equipment	<u>5,432,112</u>	<u>\$ 144,212</u>	<u>\$ 63,964</u>	<u>5,512,360</u>
	<u>\$ 11,002,106</u>	<u>\$ 144,212</u>	<u>\$ 63,964</u>	<u>\$ 11,082,354</u>
	Balance December 31, <u>2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2008</u>
<u>2008</u>				
Land	\$ 2,676,100			\$ 2,676,100
Buildings and Building Improvements	2,893,894			2,893,894
Machinery and Equipment	<u>5,005,795</u>	<u>\$ 708,957</u>	<u>\$ 282,640</u>	<u>5,432,112</u>
	<u>\$ 10,575,789</u>	<u>\$ 708,957</u>	<u>\$ 282,640</u>	<u>\$ 11,002,106</u>

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>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 4,968	\$ 36,524	\$ 113,847	\$ 75,176
Animal Control Fund		5	70	1,767
Other Trust Fund	17,092	5,937	11,481	101,133
General Capital Fund	37,524		78,342	
Unemployment Insurance Trust Fund		17,105		15,764
Public Assistance Fund	<u>-</u>	<u>13</u>	<u>-</u>	<u>9,900</u>
Total	<u>\$ 59,584</u>	<u>\$ 59,584</u>	<u>\$ 203,740</u>	<u>\$ 203,740</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.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund is 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				
Non-Cash Surplus	\$ 328,589	\$ -	\$ 328,589	\$ -

The above fund balance amount appropriate represents the surplus anticipated in the 2010 introduced municipal budget. The 2010 municipal budget has not been legally adopted as of the date of audit.

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			
Operating Deficit	\$ 341,895	\$ 341,895	\$ -
Total	\$ 341,895	\$ 341,895	\$ -
	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2008</u>			
Current Fund			
Operating Deficit	\$ 461,791	\$ 461,791	
Emergency Authorizations	157,250	157,250	
Animal Control Fund			
Operating Deficit	397	397	\$ -
Total	\$ 619,438	\$ 619,438	\$ -

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

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 and sick leave over the life of their working careers and to redeem such unused leave time in cash upon death, retirement or by extended absence immediately preceding retirement. In addition, per a provision in the PBA contract, a police supervisor or patrolman with 25 years or more of service shall be entitled to a terminal leave of seven (7) or six (6) months, respectively of pay provided that the separation is not based upon a disciplinary termination .

It is estimated that the current cost of such unpaid compensation and salary related payments exclusive of police terminal pay would approximate \$250,389 and \$295,441 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.

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 health care, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care 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.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

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.

**BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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 accessed 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.

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 TPAF and 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 TPAF, 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.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2009 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employee contribution.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Contribution Requirement

During the years ended December 31, 2009, 2008 and 2007, the Borough was required to contribute for normal cost pension contributions or post-retirement medical benefits the following amounts:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2009	\$537,757	\$150,623
2008	469,955	117,820
2007	306,122	59,901

The Borough was not required to contribute to DCRP in any of the above years.

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

Plan Description

The Borough provides a post employment healthcare plan for its eligible retirees and their dependents. The employer will only be responsible for the type of coverage in place at the time of retirement or any subsequent reduced level of coverage. The plan is a single-employer defined benefit healthcare plan administered by the Borough. In accordance with Borough ordinances, contracts and/or policies, the Borough provides for post-retirement medical benefits for members of those collective bargaining units who have successfully negotiated this benefit for employees who take a P.E.R.S. or P.F.R.S. retirement after 25 or more years of full service.

Funding Policy

The Borough funds its post-retirement medical benefits on a pay-as-you-go basis. For the years 2009, 2008 and 2007, the Borough paid \$323,853, \$280,592 and \$275,894, respectively, for post-retirement health coverage premiums for eligible retirees and their dependents.

Reporting Requirements

In July 2004, the Governmental Accounting Standards Board (GASB) adopted statement number 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions". This statement will become effective for governmental entities on a phased in basis beginning with fiscal years beginning after December 15, 2006. The effective date of this statement for the Borough is the year beginning January 1, 2008. This statement requires Governmental entities to report the future cost of other post employment benefits (OPEB) on a present value basis instead of the present "pay as you go" method. The impact on the Borough's financial position or results of operations, if any, of this GASB Statement can not be readily determined.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

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 insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Wood-Ridge is a member of the 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 SBJIF and MEL coverage amounts are on file with the Borough.

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 December 31</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2009	\$ 25,000	\$ 5,563	\$ 32,419	\$ 7,910
2008	23,000	5,286	18,520	9,766
2007	27,320		25,891	(1,891)

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.

BOROUGH OF WOOD-RIDGE
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. As of December 31, 2009 and 2008, the Borough reserved \$237,201 and \$237,201, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

In December 1999, the Borough received a tax court stipulation for the Borough's largest taxpayer, Curtiss Wright. This tax appeal was originally filed in 1994. The judgement requires that the Borough refund \$4,220,351 of prior year taxes. A portion of the refund was paid from a 2000 budget appropriation. The balance of the refund was paid by tax refunding notes issued by the Borough. The Borough has received approval by the Local Finance Board to finance the notes over seven years. The paydown of notes commenced in 2001 with annual installments ranging from \$345,000 to \$660,000. During 2003, the Borough received approval by the Local Finance Board to extend the financing of the notes to ten years. Annual installments for the years 2009 through 2010 range from \$475,000 to \$495,000.

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 Borough has not estimated its arbitrage earnings due to the IRS, if any.

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

The Borough of Wood-Ridge Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on June 13, 2000 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 Wood-Ridge approved the adoption of the Plan at the general election held on November 7, 2000.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

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

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization 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 Wood-Ridge has contributed \$48,840 and \$44,310 for 2008 and 2007, respectively, for the volunteer fire department.

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 National 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.

All earnings, dividends and other distributions of the account shall be automatically reinvested.

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.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 16 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, 2009 and 2008 the Borough had the following commitments with respect to unfinished capital projects.

<u>2009</u> <u>Capital Project</u>	<u>Construction</u> <u>Commitment</u>	<u>Estimated</u> <u>Date of</u> <u>Completion</u>
Road Improvements	\$227,221	2010
Renovations to Bianchi House	22,117	2010
Improvements to Municipal Facilities	25,410	2010

<u>2008</u> <u>Capital Project</u>	<u>Construction</u> <u>Commitment</u>	<u>Estimated</u> <u>Date of</u> <u>Completion</u>
Renovations to Bianchi House	\$359,800	2009
Arnot Place Sewer Project	269,768	2009
Road Resurfacing	103,766	2009

NOTE 17 OPERATING LEASES

The Borough of Wood-Ridge has entered into operating leases in connection with the following:

<u>Lessor</u>	<u>Annual Lease</u> <u>Payments</u>
Photocopy Machines	\$ 6,468
Postage Machines	5,940
Photocopy Machine - Civic Center	3,660
Portable Restrooms	1,992

NOTE 18 CAPITAL LEASE AGREEMENT

The Borough entered into agreements with the Bergen County Improvement Authority (BCIA) for the leasing of various DPW and Fire Department equipment and for Donna Ricker Memorial field improvements. The capital lease equipment agreements are for a term of five years. The improvements to Donna Ricker Memorial Field are being financed over a ten year period. This lease agreement is secured through a lease agreement with a redeveloper who will reimburse the Borough on an annual basis, in an amount equal to the principal and interest of the lease payment. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2009.

BOROUGH OF WOOD-RIDGE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 18 CAPITAL LEASE AGREEMENT (Continued)

<u>Year Ended</u> <u>December 31</u>	<u>Amount</u>
2010	\$ 84,846
2011	68,585
2012	58,422
2013	58,422
2014	58,422
2015-2018	<u>1,461,788</u>
Total Minimum Lease Payments	1,790,485
Less: Amounts Representing Interest	<u>415,189</u>
Present Value of Net Minimum Lease Payments	<u>\$ 1,375,296</u>

The Borough's capital lease activity for the years 2009 and 2008 was as follows:

	<u>2009</u>	<u>2008</u>
Balance, January 1	\$ 1,415,473	\$ 114,202
Additions		1,339,960
Reductions	<u>(40,177)</u>	<u>(38,689)</u>
Balance, December 31	<u>\$ 1,375,296</u>	<u>\$ 1,415,473</u>
Due Within One Year	<u>\$ 25,461</u>	<u>\$ 40,177</u>

NOTE 19 SUBSEQUENT EVENTS

Bond Anticipation Notes

On March 16, 2010 the Borough approved the issuance of Bond Anticipation Notes in the amount of \$7,798,799 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to Valley National Bank at an interest rate of .79%. These notes dated February 19, 2010 will mature on September 28, 2010.

Debt Authorized

On May 18, 2010 the Borough adopted a Bond Ordinance authorizing the issuance of \$902,000 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 C

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX C

[Proposed Form of Bond Counsel Opinion]

September __, 2010

Borough Council
The Mayor and Council of the
Borough of Wood-Ridge
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of \$8,028,000 aggregate principal amount of General Improvement Bonds (the "Bonds") by The Mayor and Council of the Borough of Wood-Ridge, in the County of Bergen, a municipal corporation of the State of New Jersey (the "Borough"). The Bonds are dated September 15, 2010 and comprise an issue of registered bonds. The Bonds bear interest from their date, payable on each March 15 and September 15, commencing March 15, 2011 (each, an "Interest Payment Date"), in each year until maturity or prior redemption.

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$100,000	%	2019	\$625,000	%
2012	350,000		2020	625,000	
2013	350,000		2021	625,000	
2014	350,000		2022	625,000	
2015	400,000		2023	625,000	
2016	400,000		2024	625,000	
2017	400,000		2025	650,000	
2018	625,000		2026	653,000	

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

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

The Bonds are issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) and pursuant to ten bond ordinances adopted by the Borough Council of the Borough on June 7, 2004 (Ord. No. 2004-5, as amended by Ord. No. 2006-8 adopted on June 21, 2006), July 12, 2005 (Ord. No. 2005-15), August 8, 2006 (Ord. No. 2006-9), November 29, 2006 (Ord. No. 2006-12, as amended by the following two ordinances: Ord. No. 2007-17 adopted on December 18, 2007 and Ord. No. 2008-20 adopted on December 16, 2008), September 18, 2007 (Ord. No. 2007-16, as amended by the following three ordinances: Ord. No. 2007-18 adopted on December 18, 2007, Ord. No. 2008-4 adopted on June 17, 2008 and Ord. No. 2008-21 adopted on December 16, 2008), June 17, 2008 (Ord. No. 2008-8), September 16, 2008 (Ord. No. 2008-16), July 21, 2009 (Ord. No. 2009-8), December 15, 2009 (Ord. No. 2009-24) and May 18, 2010 (Ord. No. 2010-1) and resolutions adopted by the Borough Council of the Borough on August 10, 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