

**NEW ISSUE  
SERIAL BONDS****RATING: Moody'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; such interest, however, is 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.*

**\$3,735,000**

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

**Dated: April 15, 2011****Due: April 15, as shown below**

The General Improvement Bonds (the "Bonds") of the Borough of Palisades Park, in the County of Bergen, New Jersey (the "Borough"), will be issued as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, with the Bonds immobilized in the custody of DTC. Owners of beneficial interests in the Bonds will not receive physical delivery of bond certificates, but are to receive statements or other evidence of such ownership of beneficial interests from sources from which such interests were purchased. Investors may purchase beneficial interests in the Bonds in book-entry form in the denomination of \$5,000 or any integral multiple thereof. See "DESCRIPTION OF THE BONDS" AND "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 April 15 of each of the years set forth below, and interest on the Bonds is payable on each April 15 and October 15, commencing October 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 Maturing</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year</u>	<u>Amount Maturing</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2012	\$160,000	%	%	2019	\$315,000	%	%
2013	165,000			2020	320,000		
2014	165,000			2021	320,000		
2015	225,000			2022	320,000		
2016	235,000			2023	315,000		
2017	255,000			2024	315,000		
2018	310,000			2025	315,000		

*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 April 15, 2011.*

**ELECTRONIC BIDS VIA PARITY AND  
SEALED PROPOSALS WILL BE RECEIVED  
UNTIL 11:00 O'CLOCK A.M. ON APRIL 5, 2011  
AT THE MUNICIPAL BUILDING  
275 BROAD AVENUE  
PALISADES PARK, NEW JERSEY 07650**

**BOROUGH OF PALISADES PARK  
BERGEN COUNTY, NEW JERSEY**

**MAYOR**

James Rotundo

**BOROUGH COUNCIL**

Henry Ruh  
Jason Kim  
Joseph Testa  
Cyndy Pirrera  
Jong Chul Lee  
Frank Donohue

**BOROUGH CLERK**

Martin A. Gobbo

**CHIEF FINANCIAL OFFICER**

Roy Riggitano

**TAX COLLECTOR**

Michael Apicella

**BOROUGH ATTORNEY**

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**BOROUGH AUDITOR**

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.  
Pompton Lakes, New Jersey

**BOND COUNSEL**

Rogut McCarthy LLC  
Cranford, New Jersey

**FINANCIAL ADVISOR**

NW Financial Group  
Jersey City, New Jersey

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

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

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

## TABLE OF CONTENTS

	<u>Page</u>
Introduction .....	1
Description of the Bonds .....	1
Prior Redemption .....	2
Book-Entry Only System .....	2
Authorization .....	3
Purpose of Financing .....	4
Security for the Bonds .....	4
Qualified Tax-Exempt Obligations .....	4
Market Protection .....	5
No Default .....	5
Summaries of Certain Provisions of the Local Budget Law and the Local Fiscal Affairs Law .....	5
Investment of Municipal Funds .....	7
Financial Operations .....	8
Provisions for the Protection of General Obligation Debt .....	9
Appropriation Not Required For Payments On Debt .....	10
Tax Matters .....	10
Statement of Litigation .....	11
Documents Accompanying Delivery of the Bonds .....	12
Preparation of Official Statement .....	12
Legality for Investment .....	13
Rating .....	13
Financial Advisor .....	13
Underwriting .....	13
Secondary Market Disclosure .....	13
Approval of Official Statement .....	15
Additional Information .....	15
Miscellaneous .....	15
Appendices:	
Description of The Borough of Palisades Park Together With Certain Economic and Debt Information .....	A
Summary of 2011 Introduced Budget .....	B
Excerpts from Audited Financial Statements For The Year Ended December 31, 2009 and Selected Financial Information for the Years Ending December 31, 2006-2010 .....	C
Proposed Form of Bond Counsel Opinion .....	D

**OFFICIAL STATEMENT  
OF  
BOROUGH OF PALISADES PARK  
IN THE COUNTY OF BERGEN  
NEW JERSEY  
RELATING TO  
\$3,735,000 GENERAL IMPROVEMENT BONDS**

**INTRODUCTION**

This Official Statement (the "Official Statement"), which includes the cover page hereof and the Appendices attached hereto, is furnished by the Borough of Palisades Park (the "Borough"), in the County of Bergen (the "County"), a municipal corporation of the State of New Jersey (the "State"), to provide certain information in connection with the sale and issuance of its \$3,735,000 General Improvement Bonds (the "Bonds"). This Official Statement has been executed by and on behalf of the Borough by the Borough Clerk and the Chief Financial Officer.

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

**DESCRIPTION OF THE BONDS**

The Bonds shall be dated and shall bear interest from April 15, 2011 and will mature on April 15 in each year as set forth in the "Schedule of Maturities" below. Interest on the Bonds is payable semi-annually commencing October 15, 2011 and thereafter on each April 15 and October 15 (each, an "Interest Payment Date") until maturity or prior redemption at the respective interest rates set forth on the cover page hereof. Principal of and interest on the Bonds will be paid to The Depository Trust Company, New York, New York ("DTC"), by the Chief Financial Officer, acting as "Bond Registrar/Paying Agent." Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of the last business day of the month preceding the month in which such Interest Payment Date occurs (the "Record Dates" for the payment of interest on the Bonds).

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

**Schedule of Maturities**

The Bonds will mature on April 15, in each of the years as follows:

<u>Year</u>	<u>Principal Amount</u>
2012	\$160,000
2013	165,000
2014	165,000
2015	225,000
2016	235,000
2017	255,000
2018	310,000
2019	315,000
2020	320,000
2021	320,000
2022	320,000
2023	315,000
2024	315,000
2025	<u>315,000</u>
	<u>\$3,735,000</u>

## **PRIOR REDEMPTION**

The Bonds maturing on or before April 15, 2021 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after April 15, 2022 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 April 15, 2021, upon notice as hereinafter set forth at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

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

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

## **BOOK-ENTRY ONLY SYSTEM**

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

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

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

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

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

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

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

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

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

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

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

#### **AUTHORIZATION**

The Bonds have been authorized by and are issued pursuant to the laws of the State, including the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended; the "Local Bond Law"). The Bonds are authorized by various bond ordinances adopted by the Borough Council, and by resolutions adopted by the Borough Council on March 15, 2011.

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.

## PURPOSE OF FINANCING

The proceeds of the Bonds will be used to refund, on a current basis, \$3,735,000 of the Borough's outstanding bond anticipation notes.

The projects to be funded from the Bond proceeds are listed below:

<u>Ordinance Number</u>	<u>Description</u>	<u>Amount</u>
1358	Acquisition of New and Replacement Equipment and Vehicles	\$52,855
1407	Resurfacing of East/West Edsall Avenue	31,297
1419	Resurfacing of Various Roads	100,000
1474	Various Acquisitions	135,092
1475	Resurfacing of Various Roads	99,189
1478	Construction of Little League Field House	93,389
1479	Various Improvements to Public Buildings	114,896
1480	Resurfacing of Various Roads	90,000
1482	Resurfacing of East Palisades Boulevard Sec. 2	302,210
1494	Various Improvements	483,878
1499	Acquisition of Various Computer Equipment	285,000
1501	Resurfacing of Various Roads	82,805
1502	Installation of Salt Shed	109,200
1508	Construction of a Municipal Parking Deck	714,000
1517	Various Improvements to Public Bldgs/Facilities	238,000
1518	Acquisition of New Additional or Replacement Equipment/Machinery for the Fire Department	66,600
1522	Rehabilitation of Basketball & Tennis Courts	78,500
1531	Improvements to Courtyard Park	89,500
1532	Extension of Sewers	40,950
1533	Resurfacing of East/West Homestead Ave. & 4 <sup>th</sup> St.	142,800
1534	Restoration of Monument Park	190,400
1535	Resurfacing of 9 <sup>th</sup> Street	34,303
1540	Resurfacing of 10 <sup>th</sup> Street	65,864
1542	Resurfacing of Glen Avenue	94,272
		<u>\$3,735,000</u>

## SECURITY FOR THE BONDS

The Bonds are general obligations of the Borough, and unless paid from other sources, the Borough is required by law to levy ad valorem taxes upon all the real property taxable within the Borough for the payment of the principal of and 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.

## QUALIFIED TAX-EXEMPT OBLIGATIONS

The Borough has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and has represented that it reasonably expects that, collectively, neither it nor its subordinate entities, if any, will issue more than \$10,000,000 of tax-exempt obligations (other than current refunding obligations) during the current calendar year.



## **MARKET PROTECTION**

The Borough does not expect to issue tax anticipation notes or additional bonds during the remainder of 2011. The Borough may issue bond anticipation notes as may be necessary during the remainder of 2011.

## **NO DEFAULT**

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

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

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.

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

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

### **Limitations on Municipal Appropriations and Tax Levy**

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

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

This legislation has now been amended by P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment (the 2011 budget for the Borough) to limit tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election. Chapter 44 eliminates the process for obtaining waivers for additional spending under the tax levy limitation.

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 2010 Budget was in compliance with both "CAPS", taking into account applicable adjustments and without requesting any waivers from the Local Finance Board. The Borough's 2011 Budget will be in compliance with both "CAPS" taking into account applicable adjustments and without conducting a referendum to exceed the cap limits.

### **Real Estate Taxes**

N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum that may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local governmental unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

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

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

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

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

### **Miscellaneous Revenues**

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

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

## **Deferral of Current Expenses**

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

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

## **Budget Transfers**

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

## **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, each local governmental unit shall revise annually a one to a six-year capital program budget. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local governmental unit may contemplate over the next one to six years.

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

This law regulates the nonbudgetary financial activities of local governmental units. An annual independent audit of the local governmental unit's accounts for the previous year must be performed by a New Jersey licensed Registered Municipal Accountant. The audit, conforming to the Division's "Requirements of Audit", includes recommendations for improvement of a local governmental unit's financial procedures and must be filed with the Director within six months after the close of the fiscal year. A synopsis of the Audit Report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion. The entire annual audit report is filed with the Borough Clerk and is available for review during business hours.

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

## **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.

## **FINANCIAL OPERATIONS**

### **Basis of Accounting**

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

**Basis of Accounting** - A modified accrual basis of accounting is followed, with minor exceptions. Revenues are recorded as received in cash except for certain amounts which may be due from the State of New Jersey. Expenditures are recorded on the accrual basis. Appropriation reserves covering unexpended appropriation balances are automatically created on December 31 of each calendar year or June 30 of each fiscal year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred or entered into during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

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

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

### **Current Fund**

The Borough finances its operations primarily through the Current Fund. All tax receipts and most revenues are paid into the Current Fund and substantially all expenditures made by appropriations are paid from the Current Fund.

### **Fiscal Year**

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

### **General Expenditures**

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

## **PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT**

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

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

### **Debt Limit**

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

### **Exceptions to Debt Limit**

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

### **Assessment Bonds**

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

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

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

### **Bond Anticipation Notes (N.J.S.A. 40A:2-8(a))**

A local governmental unit may issue bond anticipation notes to temporarily finance a capital improvement or project if the bond ordinance or subsequent resolution so provides. Such 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, less a cash down payment of 5%. A local governmental unit's bond anticipation notes may be issued for one year periods and renewed annually, with the final maturity not later than the first day of the fifth month following the tenth fiscal year after the original issuance date. At each anniversary date from the original date of issuance commencing with the third anniversary, the principal amount of renewal bond anticipation notes must be reduced by the minimum amount of the first maturity of a bond issue.

## **Tax Anticipation Notes (N.J.S.A. 40A:4-64-73)**

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

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

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

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

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

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

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

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

## **APPROPRIATION NOT REQUIRED FOR PAYMENTS ON DEBT**

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

## **TAX MATTERS**

### **Federal Income Taxes**

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

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

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

### **Tax Opinions**

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Borough, assuming compliance by the Borough with the Tax Certificate, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Bonds is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations; such interest, however, is 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 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 party-defendant in certain law suits, none of a kind unusual for a municipality of its size, and none of which, in the opinion of the Borough Attorney, would 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). Pending municipal real estate tax 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 impair the Borough's ability to pay its bondholders.

## **DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS**

### **Absence of Litigation**

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

### **Legal Matters**

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

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

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

### **Certificates of Borough Officials**

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

## **PREPARATION OF OFFICIAL STATEMENT**

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



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

### **LEGALITY FOR INVESTMENT**

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

### **RATING**

The Borough has applied to Moody's Investors Service, Inc. ("Moody's") for a rating on the Bonds.

An explanation of the significance of such credit rating may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. The Borough furnished Moody's with certain information and materials concerning the Bonds and the Borough. Generally, Moody'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 ratings will be maintained for any given period of time or that such rating may not be raised, lowered or withdrawn entirely if, in Moody'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.

### **FINANCIAL ADVISOR**

NW Financial Group, Jersey City, NJ ("NW Financial"), serves as financial advisor to the Borough with respect to the issuance of the Bonds. However, NW Financial has not audited or participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion or other assurance with respect thereto.

### **UNDERWRITING**

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

### **SECONDARY MARKET DISCLOSURE**

The Borough has agreed, pursuant to a resolution adopted on March 15, 2011, 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 to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format, as prescribed by the MSRB. 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, 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, State aid received, property valuation and fund balance of the type contained under the headings "Major Real Property Taxpayers", "Net Assessed and Equalized Property Valuations", "Levy and Collection of Taxes", "Current Fund Balances and Amounts Utilized in Succeeding Year's Budget", "State Aid" 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 in a timely manner not in excess of ten days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal or interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property which secures the repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Borough (the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borough in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borough, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borough);
- (13) The consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(C) Provide or cause to be provided, in a timely manner, 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.

## APPROVAL OF OFFICIAL STATEMENT

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

## ADDITIONAL INFORMATION

Additional information may be obtained from the Borough of Palisades Park, Municipal Building, 275 Broad Avenue, Palisades Park, New Jersey 07650, attention Mr. Roy Riggitano, Chief Financial Officer, telephone number (201) 585-4100, and Ferraioli, Wielkotz, Cerullo & Cuva, P.A., 401 Wanaque Avenue, Pompton Lakes, New Jersey 07442.

## MISCELLANEOUS

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

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

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

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

BOROUGH OF PALISADES PARK

By: /s/ \_\_\_\_\_  
Martin A. Gobbo  
Borough Clerk

By: /s/ \_\_\_\_\_  
Roy Riggitano  
Chief Financial Officer

Dated: \_\_\_\_\_, 2011

**APPENDIX A**

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

**APPENDIX A**  
**TABLE OF CONTENTS**

	<u>Page</u>
Size and Geographical Location .....	A-1
Population .....	A-1
Form of Government .....	A-1
Educational Facilities .....	A-1
Personnel .....	A-2
Health Care Facilities .....	A-2
Municipal Services .....	A-2
Utilities .....	A-2
Transportation Facilities .....	A-2
Retirement Systems .....	A-3
Collective Bargaining Representation .....	A-3
Trend of New Construction .....	A-3
Major Real Property Taxpayers .....	A-4
Net Assessed and Equalized Property Valuations .....	A-4
Levy and Collection of Taxes .....	A-4
Current Fund Balances and Amounts Utilized in Succeeding Year's Budget .....	A-6
State Aid .....	A-7
Debt Information:	
General Information .....	A-7
Statutory Debt Information .....	A-7
Statutory Borrowing Power .....	A-8
Trend of Statutory Remaining Borrowing Power .....	A-8
Permanent Debt Issued and Outstanding .....	A-8
Combined Annual Debt Service Schedule For General Improvement Bonds of 2001 and 2006 .....	A-8
Direct and Overlapping Debt Issued and Outstanding .....	A-9
Debt Ratios .....	A-9

## **Borough of Palisades Park**

### **Size and Geographical Location**

The Borough of Palisades Park is located in the southeastern section of Bergen County, New Jersey, and is situated between Teaneck, Ridgefield Park and Leonia. The area of the Borough is 1.3 square miles.

The Borough is predominantly a residential suburban community with most residences being owner occupied, single family and multi-family dwellings. Because of its close proximity to New York City, many residents are employed in the City of New York and commute through access to mass transportation and major highways. The Borough has a small industrial park as well as a local business area.

The Borough is essentially residential but has a "limited business" area. The value of single-family homes is in the \$400,000 to \$600,000 range.

### **Population**

1950 Census	9,635
1960 Census	11,943
1970 Census	13,351
1980 Census	13,732
1990 Census	14,536
2000 Census	17,073
2010 Census	19,622

### **Form of Government**

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 tax levy. The Council, acting in committees, oversees the various departments and functions of the Borough Government.

### **Educational Facilities**

The Borough's school district, coterminous with the Borough, is a type II school district, an independent legal entity administered by a nine member Board of Education elected by the voters of the school district. The school district serves students in Kindergarten to twelfth grade. The school district is authorized by law to issue debt for school purposes upon vote of the electorate. There is at present \$165,504 principal amount of State loans outstanding for the Borough's school district. In addition, there is \$2,017,107 of Certificates of Participation outstanding which were utilized to renovate both school buildings, and \$907,000 of outstanding Pension Refunding Bonds, which were issued to fund pension payments due to the State for an early retirement incentive program.

The Board is a policy making body and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the District, responsibility to draw up the annual budget and present it to the legally registered voters in the District for approval and the power to appoint the Superintendent of Schools (the "Superintendent").

The administrative structure of the Board gives final responsibility for both the educative process and the business operation to the Superintendent. The Superintendent is the chief executive officer of the Board in charge of carrying out Board policies. The Board Secretary is the chief financial officer and must submit monthly financial reports to the Board and annual reports to the State Department of Education. State law requires a Treasurer of School Monies to hold in trust all school monies and to make a monthly report to the Board

## Personnel

<u>Classification</u>	<u>Number</u>
Instructional .....	160
Teacher Aides .....	15
Administrative .....	7
Clerical .....	10
Custodial/Maintenance .....	8 Full-time - 20 Part-time

## Health Care Facilities

A volunteer First Aid Squad operates ambulances twenty four hours per day.

Emergency and acute medical care facilities are available at Englewood Hospital, Holy Name Hospital in Teaneck, the Hackensack University Medical Center in Hackensack and Valley Hospital in Ridgewood.

## Municipal Services

### Police Department

The Borough is serviced by a police department consisting of 26 police officers and operates 11 marked and 2 unmarked patrol cars.

### Fire Department

The Fire Department is composed of 77 volunteer firemen. Fire apparatus consists of two pumpers, one ladder truck, one rescue truck, three chiefs vehicles and 2 fire prevention vehicles.

### Public Works Department

The Department of Public Works (the "DPW") has 14 employees. The DPW is responsible for maintenance of roads and municipal facilities.

## Utilities

Gas and electricity are supplied by Public Service Gas and Electric. Water is provided by Hackensack Water Co., a division of United Water Resources. Wastewater treatment is provided by the Bergen County Utilities Authority. Solid waste pickup is provided by DiRese Sanitation. Sewer charges and the annual charge for collection of solid waste are included in the Borough's property tax levy tax rate.

## Transportation Facilities

The New Jersey Department of Transportation - Bus Operations provides local service to surrounding communities, from some of which there is available interstate rail and bus services. The George Washington Bridge at Fort Lee provides access to Manhattan.

## RETIREMENT SYSTEMS

The Borough is enrolled in three retirement systems established by acts of the State Legislature. Benefits, contributions, means of funding and administration of the retirement systems are set by the State. The Division of Pensions within the Treasury Department of the State is the administrator of the systems with benefit and contribution levels set by the State. All full-time permanent or qualified employees who began employment after 1944 must enroll in one of two retirement systems, depending upon their employment status. Borough employees, employed or retired, are enrolled in either the Public Employees' Retirement System ("PERS"), or the Police and Firemen's Retirement System ("PFRS"), or if retired in the Consolidated Police and Firemen's Pension Fund ("CPFPF"). Employee rates for contribution are normally determined by the Division of Pensions. The Borough is current in its payments to the retirement systems as well as the Federal Social Security System ("OASI").

## COLLECTIVE BARGAINING REPRESENTATION

Certain Borough employees are a part of collective bargaining agreements whose termination dates of current contracts are shown below.

<u>Unit</u>	<u>Date</u>
Police	December 31, 2015
Department of Public Works	December 31, 2014
White Collar	December 31, 2014

Source: The Borough.

## TREND OF NEW CONSTRUCTION

### Number of Permits

<u>Year</u>	<u>Total</u>
2010	463
2009	431
2008	564
2007	594
2006	631

### Estimated Construction Costs

<u>Year</u>	<u>Total</u>
2010	\$9,000,000
2009	5,850,000
2008	6,800,000
2007	13,600,000
2006	37,725,000

Source: Borough of Palisades Park Building Department.



## MAJOR REAL PROPERTY TAXPAYERS

<u>Taxpayer</u>	<u>2011 Assessed Valuation</u>
Tarragon Development	\$32,892,200
Leems Corp.	16,062,600
411 Brinkerhoff Ave., LLC	13,645,300
BSJ Realty LLC	13,499,700
Marino Enterprises	13,360,900
Bonanno Real Estate Group	10,998,200
Parklane Inc.	10,565,800
Ruby Realty Company	10,353,300
MWHF Palisades Park LLC.	10,307,900
Magnone, Peter	10,234,400

Source: The Borough's Assessor and the Borough's tax duplicates for 2011.

## NET ASSESSED AND EQUALIZED PROPERTY VALUATIONS

Real Property Net Assessed Valuation by Classification

<u>Classification</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008(1)</u>	<u>2007</u>
Apartment	\$191,437,400	\$197,067,000	\$175,104,500	\$183,032,000	\$69,049,600
Residential	1,676,705,200	1,667,720,700	1,951,482,900	1,932,932,700	868,270,100
Commercial	311,311,600	312,836,700	309,748,700	304,180,100	107,751,650
Industrial	91,504,100	94,310,000	92,777,100	96,438,300	51,577,700
Vacant Land	<u>19,359,800</u>	<u>19,352,300</u>	<u>21,408,800</u>	<u>22,059,200</u>	<u>15,457,200</u>
Subtotal	2,290,318,100	2,291,286,700	2,550,522,000	2,538,642,300	1,112,106,250
Exempt Property	137,833,500	136,976,600	137,275,200	136,772,100	66,736,100
Public Utilities	<u>594,450</u>	<u>788,364</u>	<u>869,685</u>	<u>745,639</u>	<u>322,771</u>
Total	<u>\$2,428,746,050</u>	<u>\$2,429,051,664</u>	<u>\$2,688,666,885</u>	<u>\$2,676,160,039</u>	<u>\$1,179,165,121</u>

Source: County of Bergen Abstract of Ratables for years shown, and Borough's Tax Duplicates for years shown.

(1) Revaluation.

## LEVY AND COLLECTION OF TAXES

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

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

Tax bills for the second half of the current year's tax levy, and an estimate based on 50% of the levy for the first half of the following year, are mailed annually in June and are due in quarterly installments on the first days of August, November, February and May. Delinquent payments are subject to an interest penalty of 8% on the first \$1,500 of delinquency and 18% on amounts exceeding \$1,500. Unpaid taxes are subject to tax sale as of July 1 following the year of levy, in accordance with statutes of the State of New Jersey. Tax liens are subsequently subject to foreclosure proceedings in order to enforce tax collections or acquire title to property.

The last all-inclusive tax sale of unpaid delinquent taxes and assessments was held by the Borough in December of 2010.

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

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

#### **Tax Rate Apportionment**

(Per \$100 of Assessed Valuation)

<u>Year</u>	<u>Municipal</u>	<u>County</u>	<u>Local School</u>	<u>Tax Rate</u>
2010(1)	\$ .599	\$.236	\$.863	\$1.698
2009	.504	.201	.738	1.443
2008*	.497	.190	.727	1.414
2007	1.035	.377	1.608	3.02
2006	.990	.361	1.609	2.96
2005	0.955	0.342	1.613	2.91

\*Revaluation

(1) Reassessment

#### **Tax Levy Apportionment**

<u>Year</u>	<u>Municipal</u>	<u>County</u>	<u>Local School(1)</u>	<u>Tax Levy</u>
2010	\$13,750,677	\$5,384,545	\$19,781,669	\$38,916,891
2009	12,860,759	5,114,562	18,821,482	36,796,803
2008	12,611,027	4,781,190	18,181,519	35,573,736
2007	11,287,863	4,319,902	17,356,553	32,964,318
2006	10,206,340	3,878,138	16,337,809	30,422,287
2005	9,260,426	3,437,916	15,435,747	28,134,089

(1) The Borough is required, under State statutes, to remit to the County and the School Districts 100% of the respective tax levies.

## Tax Collection Experience

<u>Year</u>	<u>Tax Levy(1)</u>	<u>Current Tax Levy</u> <u>Collected</u>	
		<u>Amount</u>	<u>Percent</u>
2010	\$38,991,157	\$37,680,038	96.64%
2009	36,994,874	35,536,094	96.06
2008	36,015,803	34,837,214	96.73
2007	33,598,967	32,384,916	96.39
2006	30,942,527	29,870,050	96.53
2005	28,609,907	27,526,479	96.21

(1) Includes added and omitted taxes.

## Tax Title Liens and Delinquent Taxes

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percent of Tax Levy</u>
2010(1)	\$8,132	\$1,126,706	\$1,134,838	2.91%
2009	7,803	1,141,829	1,149,632	3.11
2008	7,523	1,066,809	1,074,332	2.98
2007	7,249	938,271	945,520	2.81
2006	62,511	804,565	867,076	2.80
2005	57,511	589,624	647,135	2.26

(1) Unaudited.

## Foreclosed Property

<u>Year</u>	<u>Balance December 31</u>
2010(1)	\$275,000
2009	275,000
2008	275,000
2007	136,400
2006	0
2005	0

(1) Unaudited.

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

<u>Year</u>	<u>Balance December</u>	<u>Utilized in Succeeding Year's Budget Amount</u>
2010(1)	\$1,694,321	\$1,215,000(2)
2009	992,627	552,478
2008	611,529	249,000
2007	1,107,403	779,200
2006	2,297,918	2,000,000
2005	3,195,459	2,500,000

(1) Unaudited.

(2) Budget, as introduced.

## STATE AID

<u>Year</u>	<u>Energy Receipts Tax Received<sup>(1)</sup></u>	<u>Consolidated Municipal Property Tax Relief</u>	<u>Other Aid Received</u>	<u>Total</u>
2011	\$817,296	\$131,694	\$ -0-	\$948,990
2010	798,863	150,127	-0-	948,990
2009	876,186	316,762	6,547	1,199,495
2008	821,560	401,977	-0-	1,223,537
2007	773,521	459,972	161,706	1,395,199
2006	701,622	531,871	136,944	1,370,437
2005	701,622	531,871	136,944	1,370,437

- (1) Represents taxes received from public utilities in the State. The State keeps a portion of such taxes, and distributes the balance to local governmental units according to a formula. The amount of taxes distributed by the State to the local governmental unit is not governed by law. Previously called Franchise and Gross Receipts Tax.

## DEBT INFORMATION

### General Information

The State has enacted certain laws and statutes regulating the authorization and issuance of debt by tax levying local governmental units of the State. The statutory gross debt must include all debt authorized plus all debt issued which remains outstanding. Debt which has been refunded, and payment for which is made from escrowed U.S. Treasury securities or other permitted investments, is considered outstanding under State statutes until such outstanding debt has matured or has been called for redemption. However, any debt which is self-supporting or which is payable from other sources or debt issued for refunding purposes may be deducted from the statutory gross debt to arrive at the amount of statutory net debt. The statutory net debt figure is the amount used to determine if a local governmental unit is within the limit of its statutory borrowing power. The debt incurring capacity is limited by statute to 3.50% of a local governmental unit's statutory equalized valuation. The Borough's statutory net debt was .38% as of December 31, 2010.

### STATUTORY DEBT INFORMATION As of December 31, 2010

	<u>Gross Debt</u>
School Purpose:	
State Loans	\$165,504
Certificates of Participation	<u>970,000</u>
Total Gross Debt	1,135,504
Deductions	<u>1,135,504</u>
Net Debt for School Purposes	<u>-0-</u>
Self Liquidating Purposes:	
Notes Issued	525,103
Authorized/Unissued Debt	<u>40,000</u>
Total Gross Debt	565,103
Deductions	<u>565,103</u>
Net Debt for Self Liquidating Purposes	<u>-0-</u>
Municipal Purpose:	
Bonds Issued	3,735,000
Notes Issued	4,285,861
Authorized/Unissued Debt	<u>2,292,104</u>
Total Gross Debt	10,312,965
Deductions	<u>254,733</u>
Net Debt for Municipal Purpose	<u>\$10,058,232</u>
Total Gross Statutory Debt	12,013,572
Total Statutory Deductions	<u>1,955,340</u>
Total Net Statutory Debt	<u>\$10,058,232</u>

**STATUTORY BORROWING POWER**  
As of December 31, 2010

Statutory Equalized Valuation(1)	\$2,634,590,533
Statutory Borrowing Power(2)	92,210,669
Statutory Net Debt	<u>10,058,232</u>
Remaining Statutory Borrowing Power	<u>82,152,437</u>
Net Debt to Statutory Equalized Valuation	<u>.38%</u>

(1) Average of the immediately preceding three years (2010, 2009 and 2008) as calculated by the State.

(2) 3 1/2% of the State's equalized valuation.

Source: The Borough.

**TREND OF STATUTORY REMAINING BORROWING POWER**  
FOR YEARS ENDING DECEMBER 31, 2010 - 2005

<u>Year</u>	<u>Statutory Equalized Valuation(1)</u>	<u>Borrowing Capacity(2)</u>	<u>Bonds and Notes Outstanding</u>	<u>Less Deductions</u>	<u>Net Debt Outstanding</u>	<u>Authorized Unissued Debt</u>	<u>Remaining Borrowing Power</u>
2010	\$2,634,590,533	\$92,210,669	\$8,545,964	\$779,836	\$7,766,128	\$2,292,104	\$82,152,437
2009	2,662,230,564	93,178,070	7,468,252	783,478	6,684,774	2,328,106	84,165,190
2008	2,496,709,845	87,384,845	8,134,900	811,579	7,323,321	985,656	79,075,868
2007	2,260,616,816	79,121,589	7,216,700	763,981	6,452,719	862,799	71,806,071
2006	1,944,607,654	68,061,268	6,117,000	400,931	5,716,069	1,450,149	60,895,050
2005	1,678,134,253	58,734,699	8,194,550	88,931	8,105,619	2,000,999	48,628,081

(1) Average of the immediately preceding three years as calculated by the State.

(2) 3 1/2% of the statutory equalized valuation.

Source: The Borough's audited financial statements for years shown.

**PERMANENT DEBT ISSUED AND OUTSTANDING**  
AS OF DECEMBER 31, 2010

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
General Bonds	Various	3/15/01	3/15/14	\$850,000
General Bonds	Various	8/1/06	8/1/17	<u>2,885,000</u>
				<u>\$3,735,000</u>

Source: The Borough.

**COMBINED ANNUAL DEBT SERVICE SCHEDULE**  
FOR  
GENERAL IMPROVEMENT BONDS OF 2001 AND 2006

<u>Year</u>	<u>Principal and Interest</u>
2011	\$743,542
2012	554,020
2013	625,975
2014	634,205
2015	580,748
2016-2017	<u>1,193,747</u>
	<u>\$4,332,237</u>

**DIRECT AND OVERLAPPING DEBT  
ISSUED AND OUTSTANDING  
AS OF DECEMBER 31, 2010**

	<u>Direct Debt</u>	<u>Overlapping Debt</u>
Direct Debt:		
Bonds	\$3,735,000	
Notes (Includes authorized but not issued)	7,143,068	
Overlapping Debt:		
Local School District		\$1,135,504
Bergen County (1)		10,481,164
Bergen County Utilities Authority		8,830,041
Total Direct Debt:		
Gross	10,878,068	
Deductions	819,836	
Net	<u>\$10,058,232</u>	
Total Overlapping Debt:		
Gross		20,446,709
Deductions		1,135,504
Net		<u>\$19,311,205</u>

(1) The County has \$730,825,490 in net long-term and temporary debt. The Borough's net share is obtained by dividing the Borough's 2010 equalized valuation by the County's 2010 total equalized valuation as obtained from the County's abstract of ratables.

Source: The political entities shown.

**DEBT RATIOS**

	<u>Direct Debt</u>		<u>Overlapping Debt</u>	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Per Capita (1)	\$554	\$513	\$1,042	\$984
Equalized Valuation	.41%	.38%	.78%	.73%

(1) 2010 Census 19,622

**APPENDIX B**

**BOROUGH OF PALISADES PARK  
SUMMARY OF  
2011 INTRODUCED BUDGET**

**BOROUGH OF PALISADES PARK  
SUMMARY OF  
2011 INTRODUCED BUDGET**

Summary of General Revenues Anticipated:	
Surplus	<u>\$1,215,000</u>
Miscellaneous Revenues:	
Local Revenues	1,560,896
State Aid Without Offsetting Appropriations	948,990
Dedicated Uniform Construction Code Fees	
Offset Without Appropriations	275,000
Special Items of General Revenue Anticipated	
With Prior Consent of Director of	
Local Government Services:	
Interlocal Agreement	184,500
Additional Revenues	50,000
Other Special Items	<u>305,529</u>
Total Miscellaneous Revenues	<u>3,324,915</u>
Delinquent Taxes Receipts	1,125,000
Sub-total General Revenues	5,664,915
Amount to be Raised for Support of Municipal	
Budget, Including Reserve for Uncollected Taxes	<u>13,915,851</u>
 Total General Revenues	 <u><u>\$19,580,766</u></u>
 Summary of General Appropriations:	
Within "CAPS":	
Operations:	
Salaries and Wages	6,471,647
Other Expenses	<u>5,905,042</u>
Sub-total	12,376,689
 Deferred Charges, Statutory Expenditures and Judgments	 <u>1,712,004</u>
Total Operations Within "CAPS"	<u>14,088,693</u>
 Excluded From "CAPS":	
Operations:	
Salaries and Wages	125,000
Other Expenses	<u>2,986,523</u>
Sub-total	<u>3,111,523</u>
 Capital Improvements	 75,000
Municipal Debt Service	862,550
Deferred Charges	<u>50,000</u>
Total General Appropriations Excluded From "CAPS"	<u>4,099,073</u>
 Sub-total General Appropriations	 18,187,766
 Reserve for Uncollected Taxes	 <u>1,393,000</u>
 Total General Appropriations	 <u><u>\$19,580,766</u></u>

Source: The Borough's 2011 Introduced Budget.



**APPENDIX C**

**EXCERPTS FROM  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDING  
DECEMBER 31, 2009  
AND  
SELECTED FINANCIAL INFORMATION  
FOR THE YEARS ENDING  
DECEMBER 31, 2006-2010**

# Ferraioli, Wielkott, Cerullo & Cuva, P.A.

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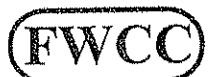
## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of the Borough Council  
Borough of Palisades Park  
County of Bergen, New Jersey

We have audited the accompanying balance sheets-regulatory basis of the various funds and account group of the Borough of Palisades Park in the County of Bergen, as of and for the years ended December 31, 2009 and 2008, and the related statements of operations and changes in fund balance-regulatory basis for the years then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2009. These financial statements are the responsibility of the Borough of Palisades Park's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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



Honorable Mayor and  
Members of the Borough Council  
Page 2.


In our opinion, because of the Borough of Palisades Park's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Palisades Park, New Jersey as of December 31, 2009 and 2008 or the results of its operations for the years then ended.

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

However, in our opinion, the financial statements referred to above, with the exception of the effect described in the preceding paragraph, present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Palisades Park at December 31, 2009 and 2008, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2009, on the basis of accounting described in Note 1.

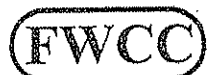
In accordance with Government Auditing Standards, we have also issued our report dated July 6, 2010 on our consideration of the Borough of Palisades Park's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing results of our audit.

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

  
Steven D. Wielkotz, C.P.A.  
Registered Municipal Accountant  
No. CROO413

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

July 6, 2010



## BOROUGH OF PALISADES PARK

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 3,524,096	3,860,882
Cash - Change Funds	A-5	200	200
Due from State of New Jersey - Ch. 20, PL 1971	A-6	21,654	23,732
State Grants Receivable	A-26	181,843	134,789
		<u>3,727,793</u>	<u>4,019,603</u>
Receivables and other assets with full reserves:			
Delinquent property taxes receivable	A-7	1,141,829	1,066,809
Tax title liens receivable	A-8	7,803	7,523
Foreclosed Property	A-9	275,000	275,000
Revenue accounts receivable	A-10	73,268	73,241
Interfund Receivables	A-11	44,515	749,773
		<u>1,542,415</u>	<u>2,172,346</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves	A-13		11,794
Special Emergency	A-12	100,000	205,000
		<u>100,000</u>	<u>216,794</u>
		<u>\$ 5,370,208</u>	<u>6,408,743</u>

## BOROUGH OF PALISADES PARK

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Liabilities:			
Encumbrances payable	A-3,A-19	261,473	396,591
Appropriation reserves	A-3,A-21	672,541	532,438
Interfund Payables	A-11	55,086	5,884
Tax overpayments	A-14	270,258	175,293
Prepaid Taxes	A-15	228,773	201,617
Due to county for added taxes	A-18	9,710	14,627
Sewer Charges Payable-Fort Lee	A-20	20,776	20,776
Due to Public Library	A-21	49,529	
Reserve for:			
Tax Sale Premiums	A-22	33,800	50,900
Maintenance of Public Library	A-23	13,336	17,733
Sale of Municipal Assets	A-24	865,000	1,765,000
Miscellaneous Reserves	A-25	148,258	228,983
Appropriated Grant Reserves	A-27	185,791	194,191
Unappropriated Grant Reserves	A-28	20,835	20,835
		<u>2,835,166</u>	<u>3,624,868</u>
Reserves for receivables and other assets	A	1,542,415	2,172,346
Fund balance	A-1	992,627	611,529
		<u>2,535,042</u>	<u>2,783,875</u>
		<u>\$ 5,370,208</u>	<u>6,408,743</u>

See accompanying notes to financial statements.

## BOROUGH OF PALISADES PARK

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

## Current Fund

Year Ended December 31,

	<u>2009</u>	<u>2008</u>
Revenue and other income realized:		
Fund balance utilized	\$ 249,000	779,200
Miscellaneous revenue anticipated	5,254,089	4,462,502
Receipts from delinquent taxes	962,280	904,576
Receipts from current taxes	35,536,094	34,837,214
Non-budget revenues	170,800	101,482
Other credits to income:		
Unexpended balance of appropriation reserves and encumbrances	158,947	740,329
Liabilities cancelled		
Prior year's interfunds returned	99,166	
Total revenue and other income	<u>42,430,376</u>	<u>41,825,303</u>
Expenditures:		
Budget and emergency appropriations:		
Appropriations within "CAPS":		
Operations:		
Salaries and wages	6,793,933	6,885,022
Other expenses	6,249,028	6,083,671
Deferred charges and statutory expenditures	423,708	432,296
Appropriations excluded from "CAPS":		
Operations:		
Salaries and wages	60,000	50,000
Other expenses	3,345,209	3,316,301
Capital improvements	75,000	75,000
Municipal debt service	888,854	846,276
Deferred charges and statutory expenditures	105,000	80,000
Judgements	16,437	
County taxes	5,114,562	4,781,190
Amount due county for added and omitted taxes	9,710	14,627
Local district school tax	18,646,483	18,181,519
Interfunds advanced	7,129	645,982
Refund of prior years' taxes	65,225	275,093
Total expenditures	<u>41,800,278</u>	<u>41,666,977</u>
Excess in revenue	<u>630,098</u>	<u>158,326</u>
Adjustments to income before fund balance- expenditures which are by statute deferred charges to budget of succeeding year		<u>125,000</u>
Statutory excess to fund balance	630,098	283,326
Fund balance, January 1	<u>611,529</u> <u>1,241,627</u>	<u>1,107,403</u> <u>1,390,729</u>
Decreased by utilization as anticipated revenue	<u>249,000</u>	<u>779,200</u>
Fund balance, December 31	<u>\$ 992,627</u>	<u>611,529</u>

See accompanying notes to financial statements.

BOROUGH OF PALISADES PARK  
Statement of Revenues-Regulatory Basis  
Current Fund  
Year ended December 31, 2009

	<u>Budget</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Fund balance anticipated	\$ 249,000	249,000	
Miscellaneous revenues:			
Licenses:			
Alcoholic beverages	37,500	59,998	22,498
Other	1,300	1,665	365
Fees and permits:			
Construction Code Official	250,000	264,000	14,000
Other	144,000	139,730	(4,270)
Municipal Court - fines and costs	861,000	978,615	117,615
Interest and costs on taxes	152,500	163,068	10,568
Parking Meters	244,000	352,647	108,647
Interest on investments and deposits	29,400	10,004	(19,396)
Recreation Fees	19,700	21,530	1,830
Energy Receipts Tax	876,186	876,186	
Reserve for Prior Years' CMPTRA	6,547	6,547	
Consolidated Municipal Property Tax Relief Act	316,762	316,762	
Parking Meters	50,000	50,000	
Ridgefield Contractual Services	34,500	25,595	(8,905)
Alcohol Education and Rehabilitation Fund	1,114	1,114	
Local Public Health Emergency Response to H1N1	83,582	83,582	
GDL Enforcement Grant	1,600	1,600	
Clean Communities Program	20,451	20,451	
Public Health Priority Funding	10,966	10,966	
Edward Byrne Memorial Justice Assistance Grant - Local Solicitation (ARRA)	12,706	12,706	
Reserve for Sale of Assets	1,000,000	1,000,000	
Third Party Ambulance Billings	88,600	69,337	(19,263)
Local Housing Inspections	8,700	16,066	7,366
Sewer Connection Fees	47,000	24,000	(23,000)
General Capital Fund Balance	105,920	105,920	
Due from Payroll Fund	642,000	642,000	
Total miscellaneous revenues	<u>5,046,034</u>	<u>5,254,089</u>	<u>208,055</u>

BOROUGH OF PALISADES PARK  
Statement of Revenues-Regulatory Basis  
Current Fund  
Year ended December 31, 2009

Receipts from delinquent taxes	1,066,000	962,280	(103,720)
Amount to be raised by taxes for support of municipal purposes	12,860,759	12,846,340	(14,419)
Total budget revenues	\$ 19,221,793	19,311,709	89,916
Non-budget revenues		170,800	
		\$ 19,482,509	

Analysis of Realized Revenue

<u>Allocation of current tax collections:</u>	
Revenue from collections	\$ 35,536,094
Allocated to school and county taxes	23,945,754
Balance for support of municipal budget appropriations	11,590,340
Add reserve for uncollected taxes	1,256,000
Amount for support of municipal budget	\$ 12,846,340
Receipts from delinquent taxes	\$ 962,280

Analysis of Non-Budget Revenue

<u>Miscellaneous Revenue Not Anticipated:</u>	
Seepage Pits	\$ 3,000
DMV Inspection Fees	10,474
Pension Refund	1,000
Bid Specs	10,589
LEA Rebate	15,816
In Lieu of Taxes	11,114
Polling	360
Cable TV Franchise Fee	42,275
Street Opening Fees	10,000
Miscellaneous	66,172
	\$ 170,800

See accompanying notes to financial statements.



## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

Current Fund	Year Ended December 31, 2009				Unexpended Balance <u>Canceled</u>
	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
General Government:					
Administration and Executive:					
Salaries and Wages	\$ 425,000	471,000	465,610	5,390	
Other Expenses	10,000	10,000	9,910	90	
Printing and Supplies	100,000	100,000	99,964	36	
Miscellaneous Expenses					
East Bergen Council of Mayors:					
Other Expenses	1,000	1,000		1,000	
Financial Administration:					
Salaries and Wages	34,320	41,920	41,916	4	
Other Expenses	15,000	55,000	47,438	7,562	
Collection of Taxes:					
Salaries and Wages	120,000	121,100	120,764	336	
Other Expenses	22,000	22,000	18,288	3,712	
Assessment of Taxes:					
Salaries and Wages	26,063	26,063	25,060	1,003	
Other Expenses	103,000	93,000	52,983	40,017	

## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

Current Fund		Year Ended December 31, 2009			Unexpended Balance Canceled
		Budget	Budget after Modification and Transfer	Paid or Charged	
Legal Services and Costs:					
Salaries and Wages	5,200		5,950	5,408	542
Other Expenses	65,000		90,000	79,644	10,356
Engineering Services and Costs:					
Other Expenses	5,000		5,000	4,983	17
Municipal Land Use Law (NUSA 40:55 D-1)					
Planning Board:					
Salaries and Wages	10,000		7,000	5,200	1,800
Other Expenses	5,408		5,408	1,613	3,795
Zoning Board of Adjustment:					
Salaries and Wages	7,572		7,572	7,280	292
Other Expenses	5,500		5,500	3,153	2,347
Zoning Officer:					
Salaries and Wages	4,760		7,560	7,284	276
Other Code Enforcement Functions:					
Housing Inspector					
Salaries and Wages	14,368		9,368	9,050	318

## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Rent Leveling Board					
Salaries and Wages	3,950	3,950	3,797	153	
Other Expenses	200	200	77	123	
Municipal Court					
Salaries and Wages	216,000	216,000	205,448	10,552	
Other Expenses	15,000	15,000	14,775	225	
Public Defender:					
Salaries and Wages	5,000	5,000	1,650	3,350	
Health Standards Act N.J.A.C. 12:100-42					
Health Other	1,000	1,000		1,000	
Public Safety:					
Police:					
Salaries and Wages	4,000,000	3,923,000	3,855,829	67,171	
Other Expenses-Legal					
Clothing Allowance	30,000	30,000	24,800	5,200	
Miscellaneous Other Expenses	180,000	180,000	157,369	22,631	
Police Cars	50,000	50,000	49,951	49	

## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Communications:					
Salaries and Wages	500	500		500	
Other Expenses	15,000	15,000	10,745	4,255	
First Aid Organization					
Aid and Maintenance:					
Salaries and Wages	105,000	55,000	50,586	4,414	
Salaries and Wages- Stipends	105,000	53,000	52,180	820	
Other Expenses				3,000	
Clothing Allowance	28,000	3,000		1,522	
Miscellaneous Other Expenses	37,000	41,000	39,478		
Fire					
Salaries and Wages	50,000	77,000	71,920	5,080	
Salaries and Wages- Stipends	120,000	120,000	106,105	13,895	
Other Expenses					
Clothing Allowance	85,000	85,000	84,550	450	
Miscellaneous Other Expenses	60,000	67,500	66,621	879	
Uniform Fire Safety Act (PL 1983, C. 383)					
Fire- Salaries and Wages	35,000	35,000		35,000	
Other Expenses	5,000	5,000	5,000		

## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

Current Fund					
Year Ended December 31, 2009					
	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public Works Function:					
Road Repairs and Maintenance:					
Salaries and Wages	920,000	980,000	973,890	6,110	
Other Expenses	75,000	82,000	79,125	2,875	
Sanitation:					
Garbage and Trash Removal				896	
Trash Removal-Contractual	1,209,220	1,184,220	1,183,324	522	
Sanitary Landfill	12,000	12,000	11,478		
Windsor Road Garbage Removal	20,000	20,000	20,000		
Roosevelt Ave-Garbage	20,000	20,000		20,000	
Recycling:					
Salaries and Wages	17,000	22,000	21,704	296	
Other Expenses	20,000	20,000	14,195	5,805	
Public Buildings and Grounds:					
Salaries and Wages	2,500	4,700	3,851	849	
Other Expenses	35,000	35,000	34,711	289	
Snow Removal-Other Expenses	30,000	52,000	51,556	444	

### Statement of Expenditures - Regulatory Basis

C-13

## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

Current Fund					
Year Ended December 31, 2009					
	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Senior Citizens Committee:					
Salaries and Wages	33,000	35,500	35,295	205	
Other Expenses	5,000	5,000	4,605	395	
Parks and Playgrounds:					
Salaries and Wages	1,000	1,000		1,000	
Other Expenses	6,000	6,000	2,703	3,297	
Summer Youth Program					
Other Expenses	20,000	20,000	17,356	2,644	
Town Historian:					
Salaries and Wages	5,100	8,100	5,570	2,530	
Replacement and Repairs all Departments:					
Other Expenses	1,000	1,000	1,000		
Parking Lot Rental					
Other Expenses	52,000	55,000	54,752	248	
Traffic Control-Other Expenses	1,000	1,000		1,000	
Anniversary on Holiday:					
Other Expenses	9,500	9,500	9,204	296	
Grant Person-Contractual	5,500	5,500		5,500	

## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

Current Fund					
Year Ended December 31, 2009					
	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Insurance:					
Other Insurance Premiums	277,500	277,500	277,500		
Group Insurance Plan for Employees	2,470,000	2,597,542	2,572,760	24,782	
Workers Compensation	235,000	142,258	142,258		
Uniform Construction Code Officials					
Salaries and Wages	108,000	110,500	107,261	3,239	
Building Inspector					
Salaries and Wages	117,000	129,000	120,053	8,947	
Other Expenses	5,000	5,000	3,116	1,884	
Fire Sub-code Official					
Salaries and Wages	20,700	12,200	6,056	6,144	
Code Enforcement Officer					
Salaries and Wages	50,000	50,000	41,643	8,357	
Zoning Official					
Salaries and Wages	2,800	2,800		2,800	
Building Subcode Official					
Salaries and Wages	6,000	6,750	6,433		317



## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

	Current Fund				Unexpended Balance <u>Canceled</u>
	<u>Budget</u>	Budget after Modification and Transfer	Paid or <u>Charged</u>	<u>Reserved</u>	
Year Ended December 31, 2009					
Utilities:					
Electricity	100,000	95,000	81,290	13,710	
Street Lighting	100,000	115,000	100,000	15,000	
Telephone and Telegraph	100,000	120,000	117,506	2,494	
Water	3,000	3,000	1,865	1,135	
Natural Gas	35,000	31,500	27,450	4,050	
Fire Hydrant Service	80,000	105,000	96,193	8,807	
Diesel	1,000	1,000	849	151	
Gasoline	165,000	132,400	119,950	12,450	
Total Operations within "CAPS"	12,975,661	12,992,961	12,535,845	457,116	
Contingent	50,000	50,000		50,000	
Total Operations Including Contingent-within "CAPS"	13,025,661	13,042,961	12,535,845	507,116	
Detail:					
Salaries & Wages	6,861,833	6,793,933	6,596,715	197,218	
Other Expenses (Including Contingent)	6,163,828	6,249,028	5,939,130	309,898	
	13,025,661	13,042,961	12,535,845	507,116	

## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

	Current Fund				
	Year Ended December 31, 2009				
	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Deferred Charges and Statutory Expenditures-					
Municipal within "CAPS"					
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	348,708	373,708	372,005	1,703	
Unemployment Compensation Fund	50,000	50,000	50,000		
Overexpenditure of Appropriation Reserves	11,794	11,794	11,794		
Total Deferred Charges and Statutory					
Expenditures-Municipal within "CAPS"	410,502	435,502	433,799	1,703	
Total General Appropriations for					
Municipal Purposes within "CAPS"	13,436,163	13,478,463	12,969,644	508,819	
Operations - Excluded from "CAPS"					
Police and Firemen's Retirement System of NJ	376,441	376,441	376,440	1	
Maintenance of Free Public Library	890,035	890,035	827,295	62,740	
Borough of Ridgefield- Sewer Rent	115,000	115,000	115,000		
Borough of Fort Lee-Sewer Rent	14,000	14,000		14,000	
Public Employee's Retirement System	125,743	129,243	125,871	3,372	

## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

	Current Fund				Unexpended Balance <u>Canceled</u>
	Year Ended December 31, 2009				
	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Bergen County Utilities Authority					
Services Charges - Contractual	1,656,821	1,610,571	1,597,011	13,560	
Council on Affordable Housing					
Salaries and Wages	10,000	10,000	10,000		
Other Expenses	15,000	15,000	15,000		
Interlocal Municipal Service Agreements					
Ridgefield Contractual Services					
Other Expenses	34,500	34,500	33,273	1,227	
Other Expenses - 911	30,000	30,000	29,041	959	
Parking Meter Fees					
Police - Salaries and Wages	50,000	50,000	50,000		
Total Other Operations - Excluded from "CAPS"	3,317,540	3,274,790	3,178,931	95,859	
Public and Private Programs Offset by Revenues					
Clean Communities Grant					
Other Expenses	20,451	20,451	19,780	671	

## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Priority Health Fund					
Other Expenses	10,966	10,966	3,452	7,514	
Board of Health					
H1N1 Grant	83,582	83,582	26,761	56,821	
Alcohol Education Rehabilitation					
Police Other Expenses	1,114	1,114		1,114	
State of NJ Edward Byrne J.A.G	12,706	12,706	12,563	143	
NJ Division of Highway Safety	1,600	1,600		1,600	
Total Public and Private Programs Offset by Revenues	130,419	130,419	62,556	67,863	
Total Operations-Excluded from "CAPS"	3,447,959	3,405,209	3,241,487	163,722	
Detail:					
Salaries and Wages	60,000	60,000	60,000		
Other Expenses	3,387,959	3,345,209	3,181,487	163,722	
	3,447,959	3,405,209	3,241,487	163,722	
Capital Improvements-"Excluded from CAPS"					
Capital Improvement Fund	75,000	75,000	75,000		
Total Capital Improvements-"Excluded from CAPS"	75,000	75,000	75,000		

## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Municipal Debt Service - Excluded from "CAPS"					
BCIA					
Principal	46,000	46,000	46,000		
Interest	10,210	10,210	10,210		
Payment of Bond Principal	547,000	547,000	547,000		16
Interest on Bonds	198,261	198,711	198,695		45
Interest on Notes	75,200	75,200	75,155		
	<u>876,671</u>	<u>877,121</u>	<u>877,060</u>		<u>61</u>
Total Municipal Debt Service-Excluded from "CAPS"					
DEFERRED CHARGES:					
Special Emergency Authorizations	105,000	105,000	105,000		
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>		
Judgements	25,000	25,000	16,437		8,563

## BOROUGH OF PALISADES PARK, N.J.

## Statement of Expenditures - Regulatory Basis

Current Fund					
Year Ended December 31, 2009					
	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,529,630	4,487,330	4,314,984	163,722	8,624
Subtotal General Appropriations	17,965,793	17,965,793	17,284,628	672,541	8,624
Reserve for Uncollected Taxes	1,256,000	1,256,000	1,256,000		
Total General Appropriations	\$ 19,221,793	19,221,793	18,540,628	672,541	8,624
Budget	19,091,374	19,091,374			
Appropriated by 40A:4-87	130,419	130,419			
\$	19,221,793	19,221,793			
	Reserve for Uncollected Taxes		1,256,000		
	Special Emergencies		105,000		
	Deferred Charges		11,794		
	Encumbrances		261,473		
	Cash		16,906,361		
			\$ 18,540,628		

See accompanying notes to the financial statements.

## BOROUGH OF PALISADES PARK

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Animal License Fund:			
Cash	B-1	\$ 13,151	16,739
Due from Board of Health	B-3	413	
Due from State of New Jersey	B-5	12	5
		<u>13,576</u>	<u>16,744</u>
Other Trust Fund:			
Cash	B-1	1,462,021	1,587,891
Due from Current Fund	B-6	900	
		<u>1,462,021</u>	<u>1,588,791</u>
Ambulance Corp. Trust Fund:			
Cash	B-1	<u>1,381</u>	<u>6,202</u>
Law Enforcement Trust Fund:			
Cash	B-1	5,653	665
Due from Current Fund	B-6	26,610	4,984
		<u>32,263</u>	<u>5,649</u>
Library Trust Fund:			
Cash	B-1	<u>59,938</u>	<u>52,161</u>
		<u>\$ 1,569,179</u>	<u>1,669,547</u>

**BOROUGH OF PALISADES PARK**  
**Comparative Balance Sheet - Regulatory Basis**

**Trust Funds**

**December 31, 2009 and 2008**

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal License Fund:			
Reserve for Animal License Fund expenditures	B-2	\$ 10,043	9,429
Due to Current Fund	B-4	3,533	7,253
Due to Board of Health	B-3		62
		<u>13,576</u>	<u>16,744</u>
Other Trust Fund:			
Due to Current Fund	B-6	39,005	79,826
Due to Municipal Court		39	39
Reserve for:			
Other Trust Deposits	B-7	<u>1,422,977</u>	<u>1,508,926</u>
		<u>1,462,021</u>	<u>1,588,791</u>
Ambulance Corp. Trust Fund:			
Reserve for Ambulance Corp. expenditures	B-8	<u>1,381</u>	<u>6,202</u>
Law Enforcement Trust Fund:			
Reserve for Law Enforcement expenditures	B-9	<u>32,263</u>	<u>5,649</u>
Library Trust Fund:			
Reserve for Library expenditures	B-10	57,133	49,356
Reserve for Donations - Restricted	B-11	<u>2,805</u>	<u>2,805</u>
		<u>59,938</u>	<u>52,161</u>
		<u>\$ 1,569,179</u>	<u>1,669,547</u>

See accompanying notes to financial statements.



**BOROUGH OF PALISADES PARK**  
**Comparative Balance Sheet - Regulatory Basis**  
**General Capital Fund**  
**Years Ended December 31, 2009 and 2008**

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Cash	C-2,C-3, \$	750,726	2,004,383
Grants Receivable			
Community Development Block Grant	C-6	270,282	108,065
Bergen County Open Space Trust Fund	C-7	153,500	
State of New Jersey Department of Transportation	C-8	220,499	103,311
Deferred Charges to Future Taxation:			
Funded	C-5	4,484,000	5,077,000
Unfunded	C-9	4,950,358	3,678,556
		<u>\$ 10,829,365</u>	<u>10,971,315</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Capital Leases Payable	C-14	179,000	225,000
General Serial Bonds	C-15	4,305,000	4,852,000
Bond Anticipation Notes Payable	C-16	2,622,252	2,732,900
Improvement Authorizations:			
Funded	C-11	502,536	403,676
Unfunded	C-11	2,735,350	2,344,405
Due to Current Fund	C-4	1,977	19,483
Reserve for Payment of Debt	C-12	242,478	221,579
Reserve for Grants Receivable	C-13	198,000	39,352
Capital Improvement Fund	C-10	31,950	27,000
Fund Balance	C-1	10,822	105,920
		<u>\$ 10,829,365</u>	<u>10,971,315</u>

There were bonds and notes authorized but not issued on December 31, 2009 of \$2,328,106 and \$945,656 at December 31, 2008 (per exhibit C-17).

See accompanying notes to financial statements.

**BOROUGH OF PALISADES PARK**  
**Statement of Changes in Fund Balance-Regulatory Basis**  
**General Capital Fund**  
**Year Ended December 31, 2009**

Balance - December 31, 2008	\$ 105,920
Increased by:	
Premium on Note Sale	<u>10,822</u>
	116,742
Decreased by:	
Utilitized as Budget Revenue	<u>105,920</u>
Balance - December 31, 2009	\$ <u><u>10,822</u></u>

See accompanying notes to financial statements

## BOROUGH OF PALISADES PARK

## Comparative Balance Sheet - Regulatory Basis

## Swimming Pool Utility Fund

Years ended December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	\$ 292,750	288,724
Petty Cash		400	200
Due from Swimming Pool Utility Capital Fund	D-7	2,264	3,565
		<u>295,414</u>	<u>292,489</u>
Total Operating Fund		<u>295,414</u>	<u>292,489</u>
Capital Fund:			
Cash	D-4,D-5	373,967	284,985
Fixed capital	D-10	2,871,678	2,871,678
Fixed capital authorized and uncompleted	D-11	135,557	135,557
Total Capital Fund		<u>3,381,202</u>	<u>3,292,220</u>
		<u>\$ 3,676,616</u>	<u>3,584,709</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserves	D-3,D-6	\$ 67,036	51,987
Encumbrances Payable	D-3,D-6	8,699	4,760
Sales Tax Payable	D-8		4,819
Accrued Interest	D-9	1,608	1,608
Fund Balance	D-1	218,071	229,315
Total Operating Fund		<u>295,414</u>	<u>292,489</u>
Capital Fund:			
Bond Anticipation Notes Payable	D-12	541,000	550,000
Improvement Authorizations - Funded	D-13	10,763	10,763
Improvement Authorizations - Unfunded	D-13	6,534	35,922
Capital Improvement Fund	D-14	18,506	18,506
Reserve for Amortization	D-15	2,424,535	2,415,535
Reserve for Payment of Notes	D-16	375,900	256,000
Due to Current Fund	D-17		229
Deferred Reserve for Amortization	D-15	1,700	1,700
Due to Swimming Pool Operating Fund	D-7	2,264	3,565
Total Capital Fund		<u>3,381,202</u>	<u>3,292,220</u>
		<u>\$ 3,676,616</u>	<u>3,584,709</u>

There were bonds and notes authorized but not issued on December 31, 2009 and December 31, 2008 in the amount of of \$40,000 (per Exhibit D-19).

See accompanying notes to financial statements.

## BOROUGH OF PALISADES PARK

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

## Swimming Pool Utility Fund

For the Years Ended December 31,

	<u>2009</u>	<u>2008</u>
Revenue and other income realized:		
Fund balance utilized	\$ 55,525	44,660
Membership fees	337,945	372,120
Snack Bar	54,343	64,017
Miscellaneous revenues	52,241	56,597
Other credits to income:		
Unexpended balance of appropriation reserves	28,352	53,102
Total income	<u>528,406</u>	<u>590,496</u>
Expenditures:		
Operations:		
Salaries and wages	255,000	280,000
Other expenses	214,000	200,000
Debt service	<u>15,125</u>	<u>15,660</u>
Total expenditures	<u>484,125</u>	<u>495,660</u>
Excess	44,281	94,836
Fund balance, January 1	<u>229,315</u>	<u>179,139</u>
	273,596	273,975
Decreased by utilization as anticipated revenue	<u>55,525</u>	<u>44,660</u>
Fund balance, December 31	<u>\$ 218,071</u>	<u>229,315</u>

See accompanying notes to financial statements.

## BOROUGH OF PALISADES PARK

## Statement of Revenues-Regulatory Basis

## Swimming Pool Utility Fund

Year ended December 31, 2009

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Operating Surplus	\$ 55,525	55,525	
Membership fees	380,000	337,945	(42,055)
Miscellaneous revenues	19,300	52,241	32,941
Snack Bar	29,300	54,343	25,043
	<u>\$ 484,125</u>	<u>500,054</u>	<u>15,929</u>

Analysis of Miscellaneous Revenues

Swim Lessons	\$ 650
Locker Rentals	250
Recreation/Rentals	39,141
Donations	100
Miscellaneous	5,589
Photo/Bookkeeping Fees	3,575
Premium on Note Sale	2,233
Interest on Investments	703
	<u>\$ 52,241</u>

Cash	49,564
Due from Swim Pool Utility Capital	2,677
	<u>\$ 52,241</u>

See accompanying notes to financial statements.

## BOROUGH OF PALISADES PARK

## Statement of Expenditures-Regulatory Basis

## Swimming Pool Utility Fund

Year ended December 31, 2009

	Appropriations		Expended	
	<u>Budget</u>	Budget after modification	Paid or charged	<u>Reserved</u>
Operating:				
Salaries and wages	\$ 255,000	255,000	228,991	26,009
Other expenses	214,000	214,000	172,973	41,027
Debt Service:				
Interest on Bonds	<u>15,125</u>	<u>15,125</u>	<u>15,125</u>	
	<u>\$ 484,125</u>	<u>484,125</u>	<u>417,089</u>	<u>67,036</u>
		Encumbrances	8,699	
		Accrued Interest	15,125	
		Cash Disbursed	<u>393,265</u>	
			\$ <u>417,089</u>	

See accompanying notes to financial statements.

## BOROUGH OF PALISADES PARK

## Comparative Balance Sheet-Regulatory Basis

## Payroll Account

December 31, 2008 and 2007

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Cash	\$ 38,290	717,985
Due from Current Fund	<u>28,476</u>	<u>          </u>
	<u>\$ 66,766</u>	<u>717,985</u>
<u>Reserves</u>		
Due to Current Fund	\$	642,982
Payroll Deductions and Withholdings	<u>66,766</u>	<u>75,003</u>
	<u>\$ 66,766</u>	<u>717,985</u>

See accompanying notes to financial statements.

## BOROUGH OF PALISADES PARK

## Comparative Statement of General Fixed Assets-Regulatory Basis

## General Fixed Assets Account Group

Year Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Land	\$ 4,952,342	4,943,704
Building	3,553,032	3,502,400
Vehicles and Equipment	<u>6,257,603</u>	<u>6,077,150</u>
	<u>\$ 14,762,977</u>	<u>14,523,254</u>
Investment in General Fixed Assets	<u>\$ 14,762,977</u>	<u>14,523,254</u>

See accompanying notes to financial statements.



**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

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

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

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

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

The Borough has the following funds and account group:

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

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

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

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

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

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. Effective April 1, 1998, the borough transferred administration of the general assistance program to the Bergen County Board of Social Services.

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

Swim Pool Utility Fund - is used to account for the operations and acquisition of the capital facilities and municipally owned utility.

BOROUGH OF PALISADES PARK  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(continued)

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

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

Library Trust Fund - This fund is used to account for receipts and donations collected and used to offset miscellaneous expenses and book purchases made by the Library.

Basis of Accounting

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

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

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

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

Basis of Accounting, (continued)

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

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

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

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

General Capital Fund  
Trust Fund  
Public Assistance Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

BOROUGH OF PALISADES PARK  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(continued)

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

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

Basis of Accounting, (continued)

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. The Mayor and Council approved \$130,419 in additional grant revenues and appropriations during the year in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body.

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

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

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

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

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

BOROUGH OF PALISADES PARK  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(continued)

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

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

Basis of Accounting, (continued)

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.

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

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

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

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

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

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

Use of Estimates

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

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

**C. Basic Financial Statements**

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

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodian credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2009, \$-0- of the Borough's bank balance of \$6,500,817 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

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

**Credit Risk**

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

**Concentration of Credit Risk**

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



**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT**

Long-term debt as of December 31, 2009 consisted of the following:

	<u>Balance Dec. 31, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable - General Obligation Debt	\$4,852,000	\$	\$547,000	\$4,305,000	\$570,000
Compensated Absences	609,169			609,169	
Capital Leases Payable	225,000		46,000	179,000	53,000
Deferred PERS/PFRS Pension Obligation		<u>448,541</u>		<u>448,541</u>	
	<u>\$5,686,169</u>	<u>\$448,541</u>	<u>\$593,000</u>	<u>\$5,541,710</u>	<u>\$623,000</u>

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

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2009</u>	<u>Year 2008</u>	<u>Year 2007</u>
<u>Issued:</u>			
General - bonds and notes	\$6,927,252	\$7,584,900	\$6,766,700
Swimming pool bonds and notes	541,000	550,000	450,000
<u>Authorized But Not Issued</u>			
General - bonds and notes	2,328,106	945,656	862,799
Swimming pool bonds and notes	<u>40,000</u>	<u>40,000</u>	<u>140,000</u>
	9,836,358	9,120,556	8,219,499
Less funds on hand to pay debt	<u>618,378</u>	<u>477,579</u>	<u>313,981</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$9,217,980</u>	<u>\$8,642,977</u>	<u>\$7,905,518</u>

BOROUGH OF PALISADES PARK  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .34%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Swimming pool utility debt	\$581,000	\$581,000	\$0
Local school district debt	217,017	217,017	0
General Debt	<u>9,255,358</u>	<u>242,478</u>	<u>9,012,880</u>
	<u>\$10,053,375</u>	<u>\$1,040,495</u>	<u>\$9,012,880</u>

Net debt of \$9,012,880 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$2,662,230,564 equals .34%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$93,178,070
Net Debt	<u>9,012,880</u>
Remaining Borrowing Power	<u>\$84,165,190</u>

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

Cash receipts from fees, rents or other charges for year	\$500,054
Deductions:	
Operating and Maintenance Cost	\$469,000
Debt Service per Swim Pool Account	<u>15,125</u>
Total Deductions	<u>484,125</u>
Excess in Revenue - Self-Liquidating	<u>\$15,929</u>

BOROUGH OF PALISADES PARK  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

General Obligation Bonds

The Borough's general long-term debt consisted of the following at December 31, 2009:

Paid by Current Fund.

General serial bonds:

4.25% - 4.40% general serial bonds issued March 15, 2001, due through March 15, 2014	\$1,050,000
3.875% - 4.00% general serial bonds issued August 1, 2006, due through August 1, 2017	<u>3,255,000</u>
	<u>\$4,305,000</u>

Aggregate bonded debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$570,000	\$171,588	\$741,588
2011	595,000	148,542	743,542
2012	430,000	124,020	554,020
2013	520,000	105,975	625,975
2014	550,000	84,205	634,205
2015-2017	<u>1,640,000</u>	<u>134,495</u>	<u>1,774,495</u>
	<u>\$4,305,000</u>	<u>\$768,825</u>	<u>\$5,073,825</u>

General capital serial bonds are direct obligations of the Borough for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Borough.

At December 31, 2009, the Borough had authorized but not issued debt as follows:

General Capital Fund	\$ 2,328,106
Swim Pool Capital Fund	40,000

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 4. BOND ANTICIPATION NOTES**

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

On December 31, 2009, the Borough had \$3,163,152 in outstanding bond anticipation notes consisting of general capital bond anticipation notes of \$2,622,252 and swim pool capital bond anticipation notes of \$541,000, which mature on May 11, 2010 at an interest rate of 1.25% and were renewed for a one-year term.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2009.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Wells Fargo Bank, N.A.	\$ -0-	\$3,163,252	\$ -0-	\$3,163,252
Janney Montgomery Scott, LLC	<u>3,282,900</u>		<u>3,282,900</u>	
	<u>\$3,282,900</u>	<u>\$3,163,252</u>	<u>\$3,282,900</u>	<u>\$3,163,252</u>

**NOTE 5. LOCAL DISTRICT SCHOOL TAXES**

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Palisades Park has elected to defer school taxes as follows:

	<u>Local District School Tax Balance December 31,</u>	
	<u>2009</u>	<u>2008</u>
Balance of Tax	\$9,410,741	\$9,235,742
Deferred	<u>9,410,741</u>	<u>9,235,742</u>
Tax Payable	<u>\$ -0-</u>	<u>\$ -0-</u>

BOROUGH OF PALISADES PARK  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(continued)

**NOTE 6. PENSION PLANS**

Description of Systems:

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

*Public Employees' Retirement System (PERS)*

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

*Police and Firemens' Retirement System (PFRS)*

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

BOROUGH OF PALISADES PARK  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(continued)

NOTE 6. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

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

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough of Palisades Park opted for this deferral in the amount of \$448,541.

BOROUGH OF PALISADES PARK  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(continued)

NOTE 6. PENSION PLANS, (continued)

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>
December 31, 2009	\$125,743	\$376,440
December 31, 2008	173,935	653,646
December 31, 2007	90,559	410,854

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

BOROUGH OF PALISADES PARK  
Notes to Financial Statements  
Years Ended December 31, 2009 and 2008  
(continued)

NOTE 6. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to join or remain in PERS.

NOTE 7. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 6, the Borough provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

The Borough did not undertake an actuarial analysis of these benefits as required by GASB 45.

NOTE 8. FUND BALANCE APPROPRIATED

The fund balance at December 31, 2009 which has been appropriated as revenue in the 2010 budget is as follows:

Current Fund	\$779,200
Swimming Pool Utility	99,524



**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 9. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Certain expenditures are required to be deferred to budgets of succeeding years. The following deferred charges are shown on the balance sheet of the Current Fund:

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>2010 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Year's Budget</u>
Current Fund:			
Special Emergency Authorizations (40A:4-55)			
Master Plan	\$20,000	\$5,000	\$15,000
Revaluation of Real Property	<u>80,000</u>	<u>20,000</u>	<u>60,000</u>
Subtotal Current Fund	<u>\$100,000</u>	<u>\$25,000</u>	<u>\$75,000</u>

**NOTE 10. FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2009.

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Land and Land Improvements	\$4,943,704	\$8,638	\$	\$4,952,342
Building and Building Improvements	3,502,400	50,632		3,553,032
Machinery and Equipment	<u>6,077,150</u>	<u>180,453</u>	<u>—</u>	<u>6,257,603</u>
	<u>\$14,523,254</u>	<u>\$239,723</u>	<u>\$-0-</u>	<u>\$14,762,977</u>

**NOTE 11. ACCRUED SICK AND VACATION BENEFITS**

The Borough permits employees to accrue (with certain restrictions) unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. An estimate of the current cost of such unpaid compensation was not available as of December 31, 2009.

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 12. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at December 31, 2009 consist of the following:

\$39,005	Due from the Other Trust Funds to the Current Fund for interest earned on investments and to reimburse expenses paid less deposits made in error.
1,977	Due from the General Capital Fund to the Current Fund to reimburse expenses paid less interest earned on investments.
3,533	Due to the Current Fund from the Animal Trust Fund for the statutory excess calculation.
26,610	Due from the Current Fund to the Law Enforcement Trust Fund for DEA forfeitures deposited into Current Fund in error.
28,476	Due to the Payroll Account from the Current Fund for transfers made in error.
<u>2,264</u>	Due from Swimming Pool Utility Capital Fund to the Swimming Pool Utility Fund for interest earned on investments and interfunds advanced.
<u>\$101,865</u>	

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

**NOTE 13. CAPITAL LEASES PAYABLE**

On March 1, 2003 the Borough entered into a \$384,000 capital lease through the Bergen County Improvement Authority for the retirement of its outstanding unfunded pension liability. Annual debt service requirements for this capital lease are as follows:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2010	\$60,793	\$53,000	\$7,793
2011	63,992	59,000	4,992
2012	<u>68,759</u>	<u>67,000</u>	<u>1,759</u>
	<u>\$193,544</u>	<u>\$179,000</u>	<u>\$14,544</u>

**NOTE 14. RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2009 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

**BOROUGH OF PALISADES PARK**  
**Notes to Financial Statements**  
**Years Ended December 31, 2009 and 2008**  
**(continued)**

**NOTE 14. RISK MANAGEMENT, (continued)**

The Borough of Palisades Park is a member of the Bergen County Joint Insurance Fund (BCJIF) 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 BCJIF 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 insurance funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they were 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.

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

**NOTE 15. TAXES COLLECTED IN ADVANCE**

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

	<u>Balance</u> <u>Dec 31, 2009</u>	<u>Balance</u> <u>Dec 31, 2008</u>
Prepaid Taxes	<u>\$228,773</u>	<u>\$201,617</u>
Cash Liability for Taxes Collected in Advance	<u>\$228,773</u>	<u>\$201,617</u>

**NOTE 16. LITIGATION**

The Borough is a defendant in various legal proceedings. A portion of these cases, if decided against the Borough, would be covered by insurance. Any judgements not covered by insurance would be raised by future taxation. The Borough expects such amounts, if any, to be immaterial.

## **APPENDIX C**

### **SELECTED FINANCIAL INFORMATION FOR YEARS ENDED DECEMBER 31, 2005-2010**

The selected data presented on pages C-51 to C-55 under the section "Selected Financial Information" as of and for each of the years in the five year periods ended December 31, 2010 are derived from the financial statements of the Borough of Palisades Park. The excerpts from the financial statements as of December 31, 2009 and the Independent Auditor's Report thereon are included in the previous section.

**BOROUGH OF PALISADES PARK**  
**COMPARATIVE ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**  
**CURRENT FUND**

<u>Assets</u>	(Unaudited) 2010	2009	2008	2007	2006
Current Fund					
Cash	3,901,640	3,524,096	3,860,882	5,781,086	7,014,825
Cash - Change Fund	200	200	200	200	200
Petty Cash	752				
State Grants Receivable		181,843	134,789	134,789	25,889
Due from State of N.J. (Ch. 20, P.L. 1971)					
Senior Citizens' and Veterans' Deductions	23,750	21,654	23,732	22,373	20,566
	<u>3,926,342</u>	<u>3,727,793</u>	<u>4,019,603</u>	<u>5,938,448</u>	<u>7,061,480</u>
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	1,126,706	1,141,829	1,066,809	938,721	804,565
Tax Title Liens Receivable	8,132	7,803	7,523	7,249	62,511
Foreclose Property	275,000	275,000	275,000	136,400	
Revenue Accounts Receivable	73,268	73,268	73,241	55,781	64,156
Interfunds Receivable	12,876	44,515	749,773	17,475	20,641
	<u>1,495,982</u>	<u>1,542,415</u>	<u>2,172,346</u>	<u>1,155,626</u>	<u>951,873</u>
Deferred Charges:					
Overexpenditure of Appropriation Reserves			11,794	11,794	6,000
Expenditures Without Appropriations	26,036				
Special Emergency Authorization (40A:4-55)	75,000	100,000	205,000	160,000	240,000
	<u>101,036</u>	<u>100,000</u>	<u>216,794</u>	<u>171,794</u>	<u>246,000</u>
Total Assets	<u>5,523,360</u>	<u>5,370,208</u>	<u>6,408,743</u>	<u>7,265,868</u>	<u>8,259,353</u>

**BOROUGH OF PALISADES PARK**  
**COMPARATIVE ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**  
**CURRENT FUND**

<u>Liabilities, Reserves and Fund Balance</u>	<u>(Unaudited) 2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Liabilities:					
Encumbrances Payable	167,067	261,473	396,591	318,021	158,086
Appropriation Reserves	647,532	672,541	532,438	1,182,631	677,903
Interfunds Payable	265,211	55,086	5,884	900	159,656
Due to Public Library	47,269	49,529			
Street Opening Deposits	30,000				
Due to the Borough of Fort Lee - Sewer Fees	20,776	20,776	20,776	20,776	20,776
Prepaid Taxes	227,107	228,773	201,617	156,339	200,585
Tax Overpayments	119,362	270,258	175,293	116,694	309,933
Due to State of New Jersey - Ch. 20, PL 1971					
Due to County for Added Taxes	9,970	9,710	14,627	451	468
Reserve for:					
Tax Sale Premiums	126,600	33,800	50,900	22,000	22,200
Maintenance of Public Library	18,653	13,336	17,733	30,498	30,498
Sale of Municipal Assets	466,995	865,000	1,765,000	2,765,000	2,925,000
Miscellaneous Reserves	59,671	148,258	228,983	278,937	397,557
Appropriated Reserves	80,752	185,791	194,191	103,184	95,389
Unappropriated Reserves	46,092	20,835	20,835	7,408	11,511
	<u>2,333,057</u>	<u>2,835,166</u>	<u>3,624,868</u>	<u>5,002,839</u>	<u>5,009,562</u>
Reserve for Receivables and Other Assets	1,495,982	1,542,415	2,172,346	1,155,626	951,873
Fund Balance	<u>1,694,321</u>	<u>992,627</u>	<u>611,529</u>	<u>1,107,403</u>	<u>2,297,918</u>
Total Liabilities, Reserves and Fund Balance	<u><u>5,523,360</u></u>	<u><u>5,370,208</u></u>	<u><u>6,408,743</u></u>	<u><u>7,265,868</u></u>	<u><u>8,259,353</u></u>

**BOROUGH OF PALISADES PARK**  
**COMPARATIVE OPERATIONS AND CHANGES IN FUND BALANCE**  
**CURRENT FUND**

	(Unaudited 2010)	2009	2008	2007	2006
Revenue and Other Income Realized:					
Fund Balance Utilized	552,478	249,000	779,200	2,000,000	2,500,000
Miscellaneous Revenue	3,677,915	5,254,089	4,462,502	4,282,540	6,935,147
Receipts from Delinquent Taxes	1,075,433	962,280	904,576	749,784	557,608
Receipts from Current Taxes	37,680,038	35,536,094	34,837,214	32,384,916	29,870,050
Non-Budget Revenue	189,062	170,800	101,482	95,968	134,120
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves and Encumbrances	346,421	158,947	740,329	311,954	535,814
Liabilities Canceled	215,693			100	69,912
Prior Year's Interfunds Returned	45,481	99,166		16,396	14,245
	<u>43,782,521</u>	<u>42,430,376</u>	<u>41,825,303</u>	<u>39,841,658</u>	<u>40,616,896</u>
Expenditures - Budget Appropriations:					
Appropriations:					
Salaries and Wages	6,292,728	6,853,933	6,935,022	6,569,957	6,162,742
Other Expenses	9,421,347	9,594,237	9,399,972	9,261,273	8,183,952
Deferred Charges and Statutory Expenditures	1,009,638	545,145	512,296	493,400	469,420
Capital Improvements	75,000	75,000	75,000	50,000	200,000
Municipal Debt Service	911,127	888,854	846,276	794,729	3,785,138
County Taxes	5,384,545	5,114,562	4,781,190	4,319,902	3,878,856
Amount Due County for Added and Omitted Taxes	9,970	9,710	14,627	451	468
Local District School Tax	19,301,575	18,646,483	18,181,519	17,356,553	16,337,809
Interfund Advances	966	7,129	645,982	13,227	2,052
Refunds	121,453	65,225	275,093	172,681	
	<u>42,528,349</u>	<u>41,800,278</u>	<u>41,666,977</u>	<u>39,032,173</u>	<u>39,020,437</u>
Excess/(Deficit) in Revenue	1,254,172	630,098	158,326	809,485	1,596,459
Adjustment to Income Before Fund Balance:					
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Years			125,000		6,000
Statutory Excess to Fund Balance	1,254,172	630,098	283,326	809,485	1,602,459
Fund Balance, January 1,	<u>992,627</u>	<u>611,529</u>	<u>1,107,403</u>	<u>2,297,918</u>	<u>3,195,459</u>
	2,246,799	1,241,627	1,390,729	3,107,403	4,797,918
Decreased by Utilization as Anticipated Revenue	<u>552,478</u>	<u>249,000</u>	<u>779,200</u>	<u>2,000,000</u>	<u>2,500,000</u>
Fund Balance, December 31,	<u><u>1,694,321</u></u>	<u><u>992,627</u></u>	<u><u>611,529</u></u>	<u><u>1,107,403</u></u>	<u><u>2,297,918</u></u>

**BOROUGH OF PALISADES PARK**  
**COMPARATIVE ASSETS, LIABILITIES, RESERVES AND FUND BALANCE**  
**GENERAL CAPITAL FUND**

<u>Assets</u>	(Unaudited) 2010	2009	2008	2007	2006
Cash	1,649,918	750,726	2,004,383	1,490,939	770,290
Due from Community Development Block Grant	158,720	270,282	108,065	108,065	408,065
Due from State of New Jersey DOT - Various Road Imp.	162,563	220,499	103,311	373,040	298,040
Due from Bergen County Open Space	98,314	153,500			158,180
Due from Community Development Trust Fund	7,040				
Due From Current Fund					138,468
Deferred Charges to Future Taxation:					
Funded	3,861,000	4,484,000	5,077,000	5,638,000	6,169,000
Unfunded	6,577,965	4,950,358	3,678,556	2,257,499	1,450,149
	<u>12,515,520</u>	<u>10,829,365</u>	<u>10,971,315</u>	<u>9,867,543</u>	<u>9,392,192</u>
<u>Liabilities, Reserves and Fund Balance</u>					
Due to Current Fund	333	1,977	19,483	2,828	
General Serial Bonds Payable	3,735,000	4,305,000	4,852,000	5,372,000	5,867,000
Bond Anticipation Notes	4,285,861	2,622,252	2,732,900	1,394,700	
Capital Lease Payable	126,000	179,000	225,000	266,000	302,000
Improvement Authorizations:					
Funded	318,305	502,536	403,676	887,539	1,750,921
Unfunded	3,558,879	2,735,350	2,344,405	1,597,822	1,196,267
Capital Improvement Fund	20,600	31,950	27,000	24,200	16,600
Reserve for:					
Retirement of Debt	254,734	242,478	221,579	313,981	150,931
Grants Receivable	196,479	198,000	39,352		100,000
Fund Balance	<u>19,329</u>	<u>10,822</u>	<u>105,920</u>	<u>8,473</u>	<u>8,473</u>
	<u>12,515,520</u>	<u>10,829,365</u>	<u>10,971,315</u>	<u>9,867,543</u>	<u>9,392,192</u>



BOROUGH OF PALISADES PARK

STATEMENT OF FUND BALANCE  
GENERAL CAPITAL FUND

	(Unaudited) 2010	2009	2008	2007	2006
Balance, December 31,	10,822	105,920	8,473	8,473	8,473
Increased by receipts:					
Funded Improvement Authorizations canceled			88,209		
Premium on sale of notes	19,329	10,822	9,238		
	30,151	116,742	105,920	8,473	8,473
Decreased by disbursements:					
Anticipated as Current Fund Revenue	10,822	105,920			
Paid to Current Fund					
	10,822	105,920	0	0	0
Balance, December 31,	19,329	10,822	105,920	8,473	8,473

**APPENDIX D**

**PROPOSED FORM OF  
BOND COUNSEL OPINION**

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## APPENDIX D

### [Proposed Form of Bond Counsel Opinion]

April \_\_, 2011

Borough Council  
Borough of Palisades Park  
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of \$3,735,000 aggregate principal amount of General Improvement Bonds (the "Bonds") by the Borough of Palisades Park, in the County of Bergen, a municipal corporation of the State of New Jersey (the "Borough"). The Bonds are dated April 15, 2011 and comprise an issue of registered bonds. The Bonds bear interest from their date, payable on each April 15 and October 15, commencing October 15, 2011 (each, an "Interest Payment Date"), in each year until maturity or prior redemption.

The Bonds are payable in annual installments on April 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>
2012	\$160,000	%	2019	\$315,000	%
2013	165,000		2020	320,000	
2014	165,000		2021	320,000	
2015	225,000		2022	320,000	
2016	235,000		2023	315,000	
2017	255,000		2024	315,000	
2018	310,000		2025	315,000	

The Bonds maturing on or before April 15, 2021 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after April 15, 2022 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 April 15, 2021, 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 twenty-four bond ordinances adopted by the Borough Council of the Borough on November 21, 2000 (Ord. No. 1358), October 22, 2002 (Ord. No. 1407), June 17, 2003 (Ord. No. 1419), July 18, 2006 (Ord. No. 1474), September 19, 2006 (Ord. No. 1475), November 21, 2006 (Ord. No. 1478), December 19, 2006 (two ordinances: Ord. Nos. 1479 and 1480), March 20, 2007 (Ord. No. 1482), July 17, 2007 (Ord. No. 1494), February 19, 2008 (Ord. No. 1499), March 18, 2008 (two ordinances: Ord. Nos. 1501 and 1502), April 15, 2008 (Ord. No. 1508), November 25, 2008 (Ord. No. 1517), December 16, 2008 (Ord. No. 1518), March 26, 2009 (Ord. No. 1522), June 16, 2009 (Ord. No. 1531), July 21, 2009 (two ordinances: Ord. Nos. 1532 and 1533), August 18, 2009 (Ord. No. 1534), September 15, 2009 (Ord. No. 1535) and October 20, 2009 (two ordinances: Ord. Nos. 1540 and 1542) and resolutions adopted by the Borough Council of the Borough on March 15, 2011.

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; such interest, however, is 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