

OFFICIAL STATEMENT DATED APRIL 11, 2018

NEW ISSUE

NOT RATED

*In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Borough (as defined herein) with certain tax covenants described herein, under existing law, interest on the Notes (as defined herein) 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"), and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest paid to certain corporate holders of the Notes indirectly may be subject to alternative minimum tax under circumstances described under "TAX MATTERS" herein. Based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.*

**BOROUGH OF LITTLE FERRY**  
**In the County of Bergen, New Jersey**

**\$4,372,000 BOND ANTICIPATION NOTES**  
**(NON- CALLABLE) (BOOK-ENTRY ONLY) (BANK-QUALIFIED)**

**Dated: April 25, 2018**

**Due: April 24, 2019**

**Rate of Interest: 2.75%**

**Reoffering Yield: 1.85%**

**CUSIP Number: 537207JC7**

The \$4,372,000 Bond Anticipation Notes (the "Notes") of the Borough of Little Ferry, in the County of Bergen, New Jersey (the "Borough"), will be issued in the form of one certificate for the aggregate principal amount of the Notes and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository.

The principal of and interest on the Notes shall be paid on the maturity date thereof to DTC by the Borough, as Paying Agent. Interest on the Notes will be credited to the participants of DTC as listed on its records as of the close of business one business day prior to the maturity date (the "Record Date" for the payment of the interest on the Notes). See "THE NOTES – Book-Entry Only System" herein.

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

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

**This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the Appendices, to obtain information essential to the making of an informed investment decision.**

*The Notes are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey served as municipal advisor to the Borough in connection with the issuance of the Notes. Delivery is anticipated to be at the offices of the Borough's bond counsel, McManimon, Scotland & Baumann, LLC, Roseland, New Jersey or at such other place as agreed to with the Underwriter on or about April 25, 2018.*

**Jefferies**

**BOROUGH OF LITTLE FERRY  
BERGEN COUNTY, NEW JERSEY**

**MAYOR**

Mauro D. Raguseo

**BOROUGH COUNCIL**

Peggy Steinhilber – Council President

Ronald Anzalone

Jenifer Lange

Steve Lanum

George Muller

Thomas Sarlo

**BOROUGH ADMINISTRATOR**

Paula Cozzarelli

**BOROUGH CLERK**

Barbara Maldonado

**CHIEF FINANCIAL OFFICER**

Lori-Ann Beck

**BOROUGH ATTORNEY**

Anthony Bocchi, Esq.  
Hackensack, New Jersey

**BOROUGH AUDITOR**

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

**MUNICIPAL ADVISOR**

Phoenix Advisors, LLC  
Bordentown, New Jersey

**BOND COUNSEL**

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

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

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Borough from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Notes described herein that is deemed final as of the date hereof (or of any such supplement or amendment) 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 the affairs of the Borough since the date hereof or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be used, in whole or in part, for any other purpose.

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 Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough.

"CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP Number listed on the front cover is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes and the Borough does not make any representations with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Notes or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Notes.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "project," "expect," "anticipate," "intend," "believe," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Borough does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

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**OFFICIAL STATEMENT**  
**Relating to**

**\$4,372,000 BOND ANTICIPATION NOTE**

**of the**  
**BOROUGH OF LITTLE FERRY,**  
**IN THE COUNTY OF BERGEN, NEW JERSEY**

**INTRODUCTION**

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Little Ferry (the “Borough”), in the County of Bergen (the “County”), New Jersey (the “State”), in connection with the sale and the issuance of the \$4,372,000 Bond Anticipation Notes (the “Notes”). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

This 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”).

**THE NOTES**

**General Description**

The Notes are dated, will mature on the maturity date and will bear interest payable at the rate as set forth on the cover page hereof. The Notes may be purchased in book-entry form in the amount of \$5,000 or any integral multiple thereof, except for one necessary odd denomination, (with a minimum of \$5,000 required) through book-entries made on the books of The Depository Trust Company, New York, New York (“DTC”) and its participants. The principal of and interest due on the Notes will be paid to DTC by the Borough as paying agent (the “Paying Agent”). Principal of and interest due on the Notes will be credited to the Participants of DTC as listed on the records of DTC as of the close of business one day prior to the maturity date (the “Record Date” for the payment of principal and interest on the Notes).

**Redemption**

The Notes are not subject to redemption prior to their stated maturity date.

**Book-Entry Only System**

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (each as defined below) or Beneficial Owners (defined below), confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Borough.

DTC will act as securities depository for the Notes. The Notes 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 note certificate will be issued in the aggregate principal amount of each series of the Notes, 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 a Standard & Poor's rating of: AA+. 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 the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of the Notes ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all notes 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 Notes with DTC and its' 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes is 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's 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 Notes are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes 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 Notes 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, note 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, note 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.

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

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

#### **Discontinuation of Book-Entry Only System**

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

## AUTHORIZATION AND PURPOSE

### **Bond Anticipation Notes**

The Bond Anticipation Note is authorized and is issued pursuant to the Local Bond Law of the State, N.J.S.A. 40A:2-1 et seq., as amended (the "Local Bond Law"), and the various bond ordinances of the Borough set forth below.

<u>Ordinance No.</u>	<u>Description</u>	<u>Amount</u>
1426, as amended by 1442	Various Capital Improvements	\$ 850,934
1433	Acquisition of Vehicles & Equipment	139,913
1435	Borough Hall Generator	150,400
1436	Improvement to Lakeview Field	1,200,270
1373, as reappropriated by 1440	Gazebo and Improvements at Willow Lake Park	40,964
1441, as amended by 1462	Acquisition of a Losen Slote Grate	39,600
1337, as reappropriated by 1444	Sanitary Sewer Improvements	30,000
1458, as amended by 1473	Various Capital Improvements	940,250
1461	Acquisition of Vehicles	121,517
1472	Various Road Improvements	858,152
		<hr/> <u>\$ 4,372,000</u>

The proceeds of the Bond Anticipation Notes will be used to (i) currently refund \$2,372,601 of the Borough's \$4,285,097 Bond Anticipation Notes and maturing on April 26, 2018 (together with \$1,912,496 from the budget, cancellations and grant proceeds), (ii) finance \$1,999,399 of new money projects and (iii) pay the costs associated with the authorization, sale and issuance of the Bond Anticipation Notes.

### **CURRENT FINANCIAL CONDITIONS OVERVIEW AND ONGOING BOROUGH DEVELOPMENT**

The Borough demonstrated a 13.5% increase in its surplus from the year ended December 31, 2016 to the year ended December 31, 2017 (Unaudited). A reassessment was completed for tax year 2015 resulting in a significant decrease in appeals and the Borough is carrying out an annual reassessment program to maintain the valuation of its housing stock. In addition, as of December 31, 2017 (Unaudited) the Borough has \$385,676 in a Reserve for Tax Appeals to fund any ultimate tax appeal liability. The Borough is dedicated to reducing its annual debt service while maintaining its Capital Program. The goal is to provide a better balance of "pay as you go versus borrowing." To that extent, the preliminary 2018 budget includes funding of the Capital Improvement Fund at \$500,000. The appropriation for 2017, 2016 and 2015 were \$500,000, \$500,000 and \$455,000, respectively.

The Borough has been awarded various planning and construction grants from the State and the County to study, design and implement activities to, not only provide resiliency to the Borough's infrastructure, but also economic development. The total amount of these grants and projects is approximately \$5.5 million.

The Department of Housing and Urban Development (HUD) awarded \$150 million to fund the award winning Rebuild by Design Project in order to reduce flood risks in the Borough and four surrounding municipalities which make up the project area. It was identified that floodwaters are generated from the following events: rainfall or fluvial flooding from the Hackensack River and tributaries from a tidal surge during strong storm events. The Department of Environmental Protection is



responsible for administering the funding, managing the project and evaluating various concepts for flood control relative to available funding. The project is required to be completed and functional by September 2022.

The Borough has been successful in attaining federal, state and local funding to improve its green spaces as well as its infrastructure. The Borough received two grant awards for the Improvement to Lakeview Field and the installation of the Losen Slote Self-Cleaning Grate, in the amounts of \$2,750,000 and \$914,000 respectively. Lakeview Park features 196,320 square feet of premier artificially turfed fields for football, softball and baseball. Ensuring the efficiency of the Borough's tributaries for the release of storm waters into the Hackensack River, the Losen Slote Self-Cleaning Grate is designed to clean debris collected at the Losen Slote tide gate, allowing for optimal performance.

DOT improvements to Route 46 are now complete and have further enhanced this corridor, supporting continued economic strength and growth. The Borough recently welcomed its first Fortune 500 Companies, AutoZone and CVS. Additional corridor development is expected to occur on another vacant property with expected on-site improvements to be approximately \$18,000,000, further adding to the Borough's tax rolls.

Internally, the Borough's fiscal operations remain strong, as shown by another annual audit devoid of structural issues. The Borough continues to excel in financial operations as evidenced by the maintenance of high scores on the Governor's Best Practice Checklist, a barometer of "best practices" across governmental operations. The Borough continues to contract with DAC to ensure compliance with the MRSB self-reporting rule and Phoenix Advisors, LLC to provide municipal advisory services.

In summary, the Borough continues to review its internal fiscal operations in regards to implementing mechanisms for improvement while continuing to demonstrate sound fiduciary controls in both short and long-term fiscal planning.

## **SECURITY AND SOURCE OF PAYMENT**

The Notes are general obligations of the Borough, and the Borough has pledged its full faith and credit for the payment of the principal of and the interest on the Notes. 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 Notes without limitation as to rate or amount.

## **MARKET PROTECTION**

The Borough does not expect to issue any bonds during the remainder of 2018. The Borough may issue additional bond anticipation notes during 2018 if needed.

## **MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES**

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

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

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3½% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Borough, as annually determined by the State Director of Taxation is shown in Appendix "A".

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

As shown in Appendix "A", the Borough has not exceeded its statutory debt limit. As noted above, the statutory limit is 3.5%.

The Borough may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Borough may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Borough or substantially reduce the ability of the Borough to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Borough to fund certain notes and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations.

The Borough may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit's bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

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

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). 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 unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The local unit is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may 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 determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

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

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

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

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

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations.

A provision of the law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses

approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment, limits 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.

Neither the tax levy limitation nor the "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 on its bonds or notes, including the Notes.

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

### **Tax Assessment and Collection Procedure**

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Borough was recently completed and effective since 2015.

Upon the filing of certified adopted budgets by the Borough's Local and Regional School District's and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 *et seq.* Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

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

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquent balance in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. These interest rates and penalties are the highest permitted under New Jersey Statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes. A table detailing tax title liens is included in Appendix "A".

### **Tax Appeals**

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. The County Board of Taxation 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 County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations, reserve for tax appeals, the current year's budget or a refunding bond ordinance.

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

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2016 for the Borough is on file with the Clerk and is available for review during business hours.

## **LITIGATION**

To the knowledge of the Borough Attorney, Anthony Bocchi, Esq., Hackensack, New Jersey, there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Borough or the title of any of the present officers. Moreover, to the knowledge of the Borough Attorney, no litigation is presently pending or threatened that, in the opinion of the Borough Attorney, would have a material adverse impact on the financial condition of the Borough if adversely decided.

## TAX MATTERS

### Exclusion of Interest on the Notes From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Notes in order to assure that interest on the Notes will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Borough to comply with such requirements may cause interest on the Notes to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Notes. The Borough will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The Borough has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause interest on the Notes to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Borough with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Notes from gross income for federal income tax purposes and with respect to the treatment of interest on the Notes for the purposes of alternative minimum tax.

Assuming the Borough observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the Borough, is of the opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax. For corporations with tax years beginning after December 31, 2017, the corporate alternative minimum tax was repealed by federal legislation, Public Law No. 115-97 (the "Tax Cuts and Jobs Act") enacted on December 22, 2017, effective for tax years beginning after December 31, 2017. For tax years beginning before January 1, 2018, interest on the Notes is not an item of tax preference for purposes of the corporate alternate minimum tax in effect prior to enactment of the Tax Cuts and Jobs Act; however, interest on Notes held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal alternative minimum tax for tax years beginning before January 1, 2018 because of its inclusion in the adjusted current earnings of a corporate holder.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about the effect of future changes in (i) the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Borough or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Borough as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

### **Bank-Qualification**

The Notes **will** be designated as qualified under Section 265 of the Code by the Borough for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of 100% of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues that are eligible to be designated, and that are designated, by the issuer as qualified under Section 265 of the Code, 80% of such interest may be deducted as a business expense by such institutions.]

### **Additional Federal Income Tax Consequences of Holding the Notes**

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code and interest on the Notes not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

### **Changes in Federal Tax Law Regarding the Notes**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State of New Jersey. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

### **State Taxation**

Bond Counsel is of the opinion that, based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE NOTES ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE NOTES, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT THERETO. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

## SECONDARY MARKET DISCLOSURE

The Borough has covenanted for the benefit of the Noteholders and the beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Specifically, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the Borough will provide:

(a) in a timely manner, not in excess of ten business days after the occurrence of the event, to the Municipal Securities Rulemaking Board (the "MSRB"), notice of any of the following events with respect to the Notes (herein "Material Events"):

- (1) Principal and 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 security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event 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;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person 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 obligated person, 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 obligated person.



(b) in a timely manner to the MSRB, notice of failure of the Borough to provide required annual financial information on or before the date specified in the Resolution.

In the event that the Borough fails to comply with the above-described undertaking and covenants, the Borough shall not be liable for any monetary damages, remedy of the beneficial owners of the Notes being specifically limited in the undertaking to specific performance of the covenants.

The Borough failed to timely file material event notices for underlying and insured rating changes in 2014. However, such filings were subsequently made by the Borough. The Borough hired DAC in 2014 to ensure compliance with its continuing disclosure obligations.

There can be no assurance that there will be a secondary market for the sale or purchase of the Notes. Such factors as prevailing market conditions, financial condition or market position of firms who may make the secondary market and the financial condition of the Borough may affect the future liquidity of the Notes.

### **MUNICIPAL BANKRUPTCY**

The undertakings of the Borough should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901, *et seq.*, as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor's rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.*, which provides that a municipality has the power to file a petition in bankruptcy, provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Notes are subject to the approval of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be delivered with the Notes substantially in the form set forth as Appendix "C". Certain legal matters will be passed on for the Borough by its Borough Attorney.

## **MUNICIPAL ADVISOR**

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as municipal advisor to the Borough with respect to the issuance of the Notes ("Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **UNDERWRITING**

The Notes have been purchased from the Borough at a public sale by Jefferies LLC (the "Underwriter") at a price of \$4,407,590 (consisting of the par amount of the Notes plus an original issue premium of \$35,590). The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Notes to the public. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield set forth on the cover page, and such public offering yield may be changed, from time to time, by the Underwriter without prior notice.

## **PREPARATION OF OFFICIAL STATEMENT**

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

Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey, has reviewed certain financial and statistical information contained in this Official Statement and has compared it to the Borough's audited financial statements. They have not verified the accuracy of other information or the completeness and fairness of that and other information contained herein, and accordingly, express no opinion with respect thereto. However, they take responsibility for the audited financial statements to the extent specified in the Independent Auditor's Report appearing in Appendix "B". The unaudited financial data was extracted from the Borough's 2017 Annual Financial Statement.

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

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

## **ADDITIONAL INFORMATION**

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to either Lori-Ann Beck, Chief Financial Officer, Borough of Little Ferry, 215-217 Liberty Street, Little Ferry, New Jersey 07643, telephone number (201) 641-9234 or Phoenix Advisors, LLC, 4 West Park Street, Bordentown, New Jersey 08505, telephone number (609) 291-0130.

## **MISCELLANEOUS**

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

## **BOROUGH OF LITTLE FERRY**

By: s/ Lori-Ann Beck  
Lori-Ann Beck  
Chief Financial Officer

Dated: April 11, 2018

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**APPENDIX A**

**Certain Economic and Demographic Information about the  
Borough of Little Ferry, in the County of Bergen, New Jersey**

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## **GENERAL INFORMATION REGARDING THE BOROUGH OF LITTLE FERRY**

### **Size and Geographical Location**

The Borough of Little Ferry (the “Borough”) is a medium-sized residential and light industrial community located in the southwest region of Bergen County (the “County”), in the State of New Jersey (the “State”) and is situated 9 miles west of New York City.

The Borough is approximately 1.6 square miles in area and is bounded by the Boroughs of Moonachie, Teterboro, the City of Hackensack, the Township of South Hackensack and the Village of Ridgefield Park.

### **Governmental Structure**

The Borough, incorporated in the year 1894, is governed by a Mayor and a Council consisting of six Council members, each of whom is elected by the voters. The Mayor's term is for a four year period and the Council members for a three year period with two Council positions being voted upon each year. Appointments and committee member selections are made at the Annual Reorganization Meeting, generally held during the first week of January each year. Appointments and committee selections are made as provided for by statutes and ordinances governing these matters.

The Mayor and Council regularly meet on the second Tuesday of each month, designated as the Council work sessions followed by the regular meeting. Additional special meetings are called dependent on such circumstances that may arise and make them necessary. All meetings are open to the public in compliance with New Jersey's Sunshine Law. At the work sessions and regular meetings, citizens are given an opportunity to speak on matters of concern to them during a portion of the meeting for that purpose. On proposed ordinances the public also has an opportunity to be heard.

The executive power of the Borough is exercised by the Mayor and Council. Administrative functions for implementing policies of the Borough are exercised by the Borough Administrator in conjunction with the department heads. Each Councilmember acts as a liaison to specific departments. These departments are: Department of Public Works/Buildings and Grounds, Police, Fire, Finance, Recreation and Board of Health. Day to day functions are under the direction of the Borough Administrator. Also present and available on a full time basis is the Borough Clerk.

### **Transportation**

Railroad transportation is provided by N.J. Transit and is available at the nearby Wood-Ridge Station.

Two N.J. Transit bus lines provide service throughout the metropolitan area.

Borough residents have quick and easy access to all parts of New Jersey and New York via Route 17, Route 46, Route 9W, Palisades Parkway, New Jersey Turnpike and Interstate 80.

### **Utilities**

Electricity and gas are supplied to the Borough by Public Service Electric and Gas Co. Water is supplied by Suez Water of New Jersey.

## Public Safety

The Borough is served by two (2) volunteer fire departments which consist of over fifty (50) volunteers.

Ambulance and rescue service to the public is operated on a 24 hour a day basis.

The Police Department consists of the chief, twenty-three (23) regular officers including two (2) detectives, and operates three (3) unmarked vehicles, eleven (11) marked SUVs, two (2) Patrol Bikes, and a Chief's Vehicle. The Borough also operates a canine unit.

## Sanitation

The Borough is 100% sewerred and is a member of the Bergen County Utilities Authority.

The Borough provides garbage collection for all homes on a semi-weekly basis. Recycling is collected on a weekly basis. These services are provided by a municipal vendor.

## Recreation

The Borough has a year-round community recreation program.

Located in the Borough are little league fields, a basketball court, walking trail, hockey rink, football field, municipal parks and playgrounds maintained by Borough employees.

A Senior Citizens' recreation center is available for senior citizen enjoyment.

## Educational System

The local school district is a Type II School District whose boundaries are coterminous with those of the Borough. The School District operates with a Board of Education elected by the voters which consists of nine (9) members and is subject to Title 18A, Education of the New Jersey Statutes.

The local school system consists of two schools: Washington School, (grades K-1) and Memorial School, (grades Pre-K and 2-8). Students in grades 9-12 are sent to Ridgefield Park Junior-Senior High School located in the neighboring Village of Ridgefield Park.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

### Population

Population trends for the Borough, County and the State since 1970 are shown below:

<u>Area</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016</u>
Borough	9,064	9,399	9,989	10,800	10,602	10,925
County	897,148	845,385	825,380	884,118	896,482	939,151
State	7,171,112	7,364,823	7,730,188	8,414,350	8,721,577	8,944,469

Source: U.S. Census Bureau.



## Income as of 2016

	<b>Median Household Income</b>	<b>Median Family Income</b>	<b>Per Capita Income</b>
Borough	\$62,543	\$74,375	\$32,398
County	88,487	107,465	44,978
State	73,702	90,757	37,538

Source: U.S. Census Bureau, 2012-2016 American Community Survey.

## Labor Force, Employment and Unemployment

For the years 2012 to 2016, the New Jersey Department of Labor reported the following annual average employment information for the Borough, the County and the State:

	<b>Total Labor Force</b>	<b>Employed Labor Force</b>	<b>Total Unemployed</b>	<b>Unemployment Rate</b>
<u>Borough</u>				
2016	6,350	6,069	281	4.4%
2015	6,345	6,036	309	4.9%
2014	6,320	5,932	388	6.1%
2013	5,943	5,652	291	4.9%
2012	5,951	5,619	332	5.6%
<u>County</u>				
2016	484,167	463,988	20,179	4.2%
2015	485,316	463,223	22,093	4.6%
2014	479,448	453,688	25,760	5.4%
2013	477,410	443,734	33,676	7.1%
2012	483,097	443,956	39,141	8.1%
<u>State</u>				
2016	4,530,800	4,305,500	225,300	5.0%
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,518,700	4,218,400	300,300	6.6%
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,595,500	4,159,300	436,200	9.5%

Source: New Jersey Department of Labor

**BUDGET INFORMATION****Current Fund  
(As Adopted)**

	<u>2018 (1)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Anticipated Revenues					
Fund Balance	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ 1,500,000
Miscellaneous Revenues	2,217,867	2,072,796	2,035,025	1,963,815	3,245,401
Receipts from Delinquent Taxes	800,000	800,000	800,000	650,000	700,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>12,327,440</u>	<u>12,230,205</u>	<u>12,085,097</u>	<u>11,703,277</u>	<u>10,671,770</u>
	<u>\$ 17,045,307</u>	<u>\$ 16,803,001</u>	<u>\$ 16,620,122</u>	<u>\$ 16,017,092</u>	<u>\$ 16,117,171</u>
Appropriations					
Salaries and Wages	\$ 5,447,698	\$ 5,250,150	\$ 5,127,253	\$ 4,960,517	\$ 5,036,925
Other Expenses	7,137,233	7,246,724	7,087,106	6,747,007	6,804,926
Deferred Charges and Statutory Expenditures	1,268,153	1,199,929	1,665,163	1,726,668	1,839,178
Transfer to BOE for Use of Local School	76,105	75,951	77,075	77,075	75,428
Capital Improvement Fund	500,000	500,000	500,000	455,000	250,000
Municipal Debt Service	1,516,118	1,430,247	1,063,525	950,825	1,010,714
Reserve for Uncollected Taxes	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>
	<u>\$ 17,045,307</u>	<u>\$ 16,803,001</u>	<u>\$ 16,620,122</u>	<u>\$ 16,017,092</u>	<u>\$ 16,117,171</u>

(1) Preliminary budget to be introduced on April 10, 2018.

Source: Borough Adopted Budgets and 2018 Preliminary Budget.

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

<u>Year</u>	<u>Fund Balance December 31</u>	<u>Utilized in Budget of Succeeding Year</u>	
2017 (Unaudited)	\$3,069,954	\$1,700,000	(1)
2016	2,703,694	1,700,000	
2015	2,312,703	1,700,000	
2014	1,983,760	1,700,000	
2013	1,802,856	1,500,000	

(1) Preliminary budget to be introduced on April 10, 2018.

Source: Borough Annual Audit Reports and 2017 Annual Financial Statement.

## Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2017 (Unaudited)	\$ 33,693,361	\$ 32,826,960	97.42%
2016	33,111,905	32,259,887	97.42%
2015	32,318,288	31,485,519	97.42%
2014	31,105,371	30,394,787	97.71%
2013	30,351,579	29,541,858	97.33%

Source: Borough Annual Audit Reports and 2017 Annual Financial Statement.

## Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Percentage of Levy</u>
2017 (Unaudited)	\$833,199	2.47%
2016	839,000	2.53%
2015	819,886	2.54%
2014	682,116	2.19%
2013	733,436	2.42%

Source: Borough Annual Audit Reports and 2017 Annual Financial Statement.

## Assessed Valuation of Property Owned by the Borough Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2017 (Unaudited)	\$1,062,000
2016	1,062,000
2015	1,062,600
2014	1,062,600
2013	1,062,600

Source: Borough Annual Audit Reports and 2017 Annual Financial Statement.

## Ten Largest Taxpayers

The ten largest taxpayers in the Borough and their 2017 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>	<u>% of Total Assessed Valuation</u>
LFP Meadowlands LLC	\$29,560,000	2.93%
Waterside Plaza Apts. Associates	29,021,100	2.87%
Liberty Bell Village	22,151,600	2.19%
250 Little Ferry TL LLC	12,500,000	1.24%
North Village II LLC NJ	15,923,800	1.58%
Gates Realty Corp.	11,356,200	1.12%
North Village I LLC NJ	10,607,100	1.05%
Capri Little Ferry LLC	8,400,000	0.83%
Gates Bros	8,389,700	0.83%
Williamstowne Manor	7,491,900	0.74%
<b>Total</b>	<b>\$ 155,401,400</b>	<b>15.39%</b>

Source: Tax Assessor.

## Assessed Valuation Land Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Industrial</u>	<u>Total</u>
2017	\$ 6,830,500	\$ 614,777,600	\$ 135,188,700	\$ 120,879,600	\$ 130,160,300	\$ 1,007,836,700
2016	7,156,000	603,758,700	133,863,900	115,442,700	126,419,500	986,640,800
2015 (1)	6,947,500	593,560,000	135,543,200	105,237,700	122,920,900	964,209,300
2014	10,022,600	779,523,100	146,546,700	109,150,400	134,305,800	1,179,548,600
2013	10,145,900	788,362,500	147,317,800	104,384,300	134,739,800	1,184,950,300

(1) The Borough underwent a reassessment of property effective January 1, 2015.

Source: Tax Duplicate.

## Assessed Valuations Net Valuation Taxable

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2017	\$1,007,836,700	\$98,530	\$1,007,935,230	99.36%	\$ 1,017,766,396
2016	986,640,800	98,530	986,739,330	98.05%	1,009,849,035
2015 (1)	964,209,300	98,530	964,307,830	93.97%	968,535,287
2014	1,179,548,600	98,530	1,179,647,130	98.53%	1,201,961,451
2013	1,184,950,300	90,870	1,185,041,170	90.87%	1,308,473,093

(1) The Borough underwent a reassessment of property effective January 1, 2015.

Source: Tax Duplicate and Abstract of Ratables of the County.

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

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u> <sup>(1)</sup>
2017	\$3.341	\$1.213	\$1.874	\$0.254
2016	3.352	1.225	1.876	0.251
2015 (A)	3.349	1.213	1.882	0.254
2014	2.635	0.904	1.497	0.234
2013	2.561	0.884	1.424	0.253

<sup>(1)</sup> Includes County Open Space

<sup>(A)</sup> Borough underwent a Reassessment effective January 2015

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Source: Tax Collector.

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

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>County</u> <sup>(1)</sup>	<u>Local School</u>
2017 (Unaudited)	\$ 33,693,361	\$ 12,255,225	\$ 2,553,179	\$ 18,884,957
2016	33,111,905	12,125,161	2,474,693	18,512,051
2015	32,318,288	11,726,342	2,444,387	18,147,559
2014	31,105,371	10,694,869	2,753,852	17,656,650
2013	30,351,579	10,499,007	2,986,841	16,865,731

<sup>(1)</sup> Includes County Open Space

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Source: Tax Collector and 2017 Annual Financial Statement.

## DEBT INFORMATION

### Debt Statements

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

### Debt Incurring Capacity

#### As of December 31, 2017 (Unaudited)

Municipal		
Equalized Valuation Basis (last 3 years average)	\$	1,017,748,512
3 1/2% Borrowing Margin		35,621,198
Net Debt Issued, Outstanding and Authorized		15,482,977
Remaining Municipal Borrowing Capacity		20,138,221
Local School		
3% Borrowing Margin		30,532,455
Debt Issued, Outstanding and Authorized		-
Remaining School Borrowing Capacity		30,532,455

### Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt</u>	<u>Statutory Net Debt</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Percentage</u>
2017 (Unaudited)	\$ 17,482,818	\$ 15,482,977	1.52%
2016	18,490,827	17,337,550	1.66%
2015	18,376,786	17,853,705	1.62%
2014	12,712,600	12,274,904	1.02%
2013	12,006,904	11,759,719	0.95%

Source: Borough Annual Audit Reports and 2017 Annual Debt Statement.

**Statement of Indebtedness  
As of December 31, 2017 (Unaudited)**

**GENERAL PURPOSES**

Bonds Issued and Outstanding	\$ 8,852,000
Bond Anticipation Notes	4,285,097
Loans	164,122
Bonds and Notes Authorized But Not Issued	<u>4,181,599</u>

TOTAL GROSS DEBT \$ 17,482,818

**STATUTORY DEDUCTIONS**

Municipal Purpose	<u>1,999,841</u>
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TOTAL NET DEBT \$ 15,482,977

**OVERLAPPING DEBT**

County of Bergen (Note 1)	\$ 7,245,006
Bergen County Utilities Authority (Note 2)	<u>3,233,698</u>

TOTAL OVERLAPPING DEBT \$ 10,478,704

**GROSS DEBT**

Per Capita (2017 Census - 10,925)	\$ 1,600
Percent of Net Valuation Taxable (2017 - \$1,007,935,230)	1.73%
Percent of Estimated True Value of Real Property (2017 - \$1,017,766,396)	1.72%

**NET MUNICIPAL DEBT**

Per Capita (2017 Census - 10,925)	\$ 1,417
Percent of Net Valuation Taxable (2017 - \$1,007,935,230)	1.54%
Percent of Estimated True Value of Real Property (2017 - \$1,017,766,396)	1.52%

**OVERALL DEBT (Gross and Overlapping Debt)**

Per Capita (2017 Census - 10,925)	\$ 2,559
Percent of Net Valuation Taxable (2017 - \$1,007,935,230)	2.77%
Percent of Estimated True Value of Real Property (2017 - \$1,017,766,396)	2.75%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2016 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.

Source: Borough 2017 Annual Debt Statement.

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**APPENDIX B**

**Unaudited Financial Data and Financial Statements of the  
Borough of Little Ferry, in the County of Bergen, New Jersey**

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**UNAUDITED FINANCIAL INFORMATION FOR THE BOROUGH  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**BOROUGH OF LITTLE FERRY**  
**BALANCE SHEET - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2017 (UNAUDITED)**

	<u>2017</u>
<b>ASSETS</b>	
Cash	\$ 9,997,304
Grants Receivable	<u>81,600</u>
	<u>10,078,904</u>
Receivables and Other Assets with Full Reserves	
Delinquent Property Taxes Receivable	833,199
Property Acquired for Taxes -	
Assessed Valuation	1,062,600
Due from General Capital Fund	217
Due from Animal Control Fund	<u>3,222</u>
	<u>1,899,238</u>
Deferred Charges	
Special Emergency Authorization	<u>62,000</u>
	<u>62,000</u>
 Total Assets	 <u><u>\$ 12,040,142</u></u>

**BOROUGH OF LITTLE FERRY  
BALANCE SHEET - REGULATORY BASIS - CURRENT FUND  
AS OF DECEMBER 31, 2017 (UNAUDITED)**

2017

**LIABILITIES, RESERVES AND FUND BALANCE**

Liabilities

Appropriation Reserves	\$ 1,312,460
Encumbrances Payable	475,561
Accounts Payable	8,226
Due to State - Senior Citizens and Veterans	13,099
Miscellaneous Deposits and Reserves	31,338
Due to State- Marriage Licenses	395
Due to State- DCA Training Fees Payable	716
Local School District Taxes Payable	2,997,589
Prepaid Taxes	1,076,809
Reserve for Tax Appeals	385,676
Reserve for Grants Appropriated	124,476
Reserve for Grants - Unappropriated	3,098
Special Emergency Note Payable	62,000
Tax Overpayments	12,466
Due to Length of Service Awards Program (LOSAP) Trust Fund	103,500
Due to Other Trust Fund	<u>463,541</u>
	7,070,950
Reserve for Receivables	1,899,238
Fund Balance	<u>3,069,954</u>
 Total Liabilities, Reserves and Fund Balance	 <u><u>\$ 12,040,142</u></u>

**BOROUGH OF LITTLE FERRY**  
**STATEMENTSS OF OPERATIONS AND CHANGE IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)**

	<u>2017</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>	
Fund Balance Utilized	\$ 1,700,000
Miscellaneous Revenue Anticipated	2,273,603
Receipts from Delinquent Taxes	839,067
Receipts from Current Taxes	32,576,960
Non-Budget Revenue	386,496
Other Credits to Income	
Cancel Accounts Payable	69,900
Unexpended Balance of Appropriation Reserves	<u>1,351,744</u>
Total Revenues	<u>39,197,770</u>
<b>EXPENDITURES</b>	
Budget and Emergency Appropriations	
Operations	
Salaries and Wages	5,357,426
Other Expenses	7,160,455
Deferred Charges and Statutory	
Expenditures - Municipal	1,212,429
Capital Improvements	500,000
Municipal Debt Service	1,384,115
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	75,951
County Taxes Payable	2,551,792
Due County for Added and Omitted Taxes	1,387
Local District School Taxes Payable	18,884,957
Establish Reserve for Interfunds	33
Prior Year Senior Citizen Deduction Disallowed	837
Refund Prior Year Revenue	<u>2,128</u>
Total Expenditures	<u>37,131,510</u>
Statutory Excess to Fund Balance	2,066,260
Fund Balance, January 1	<u>2,703,694</u>
	4,769,954
Decreased by:	
Utilization as Anticipated Revenue	<u>1,700,000</u>
Fund Balance, December 31	<u>\$ 3,069,954</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)**

	<u>2017</u>	
	<u>Budget After Modification</u>	<u>Actual</u>
<b>FUND BALANCE ANTICIPATED</b>	<u>\$ 1,700,000</u>	<u>\$ 1,700,000</u>
<b>MISCELLANEOUS REVENUES</b>		
Licenses		
Alcoholic Beverages	35,300	35,876
Other	53,000	60,736
Fees and Permits	17,000	19,736
Fines and Costs		
Municipal Court	191,000	184,306
Interest and Costs on Taxes	180,000	205,474
Energy Receipts Tax	873,207	873,207
Consolidated Municipal Property Tax Relief Act	65,142	65,142
Uniform Fire Safety Act	30,000	22,043
Uniform Construction Code Fees	150,000	262,012
State and Federal Revenues Offset with Appropriations		
Clean Communities	17,721	17,721
Body Armor Grant	6,024	6,024
Municipal Recycling Tonnage	21,633	21,633
Municipal Alliance	9,876	9,876
Other Special Items:		
Reserve for Payment of Debt	17,500	17,500
Hotel Tax	62,000	73,031
Cell Tower Rents	40,000	44,555
Summer Recreation	52,000	69,831
Shared Service Agreement - Bogota Court	69,900	69,900
Shared Service Agreement - Tenafly-Registrar	20,000	20,000
Shared Service Agreement- School Resource Officer	45,000	45,000
Interlocal Agreement - BCUA	<u>150,000</u>	<u>150,000</u>
 Total Miscellaneous Revenues	 <u>2,106,303</u>	 <u>2,273,603</u>
<b>RECEIPTS FROM DELINQUENT TAXES</b>	<u>800,000</u>	<u>839,067</u>
<b>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</b>		
Local Tax For Municipal Purposes	11,890,385	11,899,004
Minimum Library Tax	<u>339,820</u>	<u>339,820</u>
 Total Amount to be Raised by Taxes for Support of Municipal Budget	 <u>12,230,205</u>	 <u>12,238,824</u>
 Total General Revenues	 <u>\$ 16,836,508</u>	 <u>\$ 17,051,494</u>

The Accompanying Notes are an Integral Part of these Financial Statements



**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)**

	<u>2017 Appropriations</u>		<u>2017 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 123,100	\$ 126,860	\$ 126,859	\$ 1	
Other Expenses - Postage	23,500	23,500	21,760	1,740	
Other Expenses - Miscellaneous	208,395	208,395	131,835	76,560	
CDL Drug Testing	5,000	5,000		5,000	
Mayor & Council					
Salaries & Wages	35,950	35,950	35,950	-	
Other Expenses	8,955	8,955	7,201	1,754	
Municipal Clerk					
Salaries & Wages	80,173	80,473	80,473	-	
Other Expenses	17,225	17,225	6,805	10,420	
Other Expenses - Elections	8,250	8,250	7,985	265	
Financial Administration (Treasury)					
Salaries & Wages	132,447	132,447	112,548	19,899	
Other Expenses	46,000	46,000	22,976	23,024	
Audit Services					
Other Expenses	46,000	46,000	44,500	1,500	
Revenue Administration (Tax Collection)					
Salaries & Wages	45,700	45,701	45,700	1	
Other Expenses	17,750	17,750	3,087	14,663	
Assessment of Taxes					
Salaries & Wages	19,770	19,770	17,220	2,550	
Other Expenses	68,875	68,875	37,171	31,704	
Legal Services & Costs					
Other Expenses - Fees and Costs	97,000	99,300	99,277	23	
Other Expenses - Special Counsel	15,000	15,000	1,500	13,500	
Engineering Services & Costs					
Other Expenses	30,000	30,000	11,156	18,844	
Historic Society					
Other Expenses	100	100		100	
Planning Board/ Zoning Board					
Salaries & Wages	5,355	5,355	5,281	74	
Other Expenses	17,600	17,600	7,987	9,613	
Insurance					
General Liability	462,950	462,950	413,271	49,679	
Employee Group Health	1,991,490	1,859,062	1,412,810	446,252	
PUBLIC SAFETY					
Aid to Volunteer Ambulance First Aid Squad	20,000	20,000	20,000	-	
Fire					
Salaries & Wages	8,724	8,724	6,964	1,760	
Salaries & Wages - Uniform Fire Safety	22,494	22,494	20,706	1,788	
Other Expenses - Clothing Allowance	58,140	58,140		58,140	
Other Expenses - Miscellaneous	55,150	55,150	53,902	1,248	
Other Expenses - Uniform Fire Safety	20,500	20,500	14,514	5,986	
Other Expenses - Fire Hydrant Services	100,000	100,000	98,840	1,160	

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)**

	<u>2017 Appropriations</u>		<u>2017 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY (Cont'd)					
Police					
Salaries & Wages	\$ 3,316,929	\$ 3,400,044	\$ 3,400,043	\$ 1	
Other Expenses - Miscellaneous	129,332	129,332	100,839	28,493	
Office of Emergency Management					
Other Expenses	17,000	17,000	12,246	4,754	
PUBLIC WORKS					
Streets & Roads Maintenance					
Salaries & Wages	944,011	944,011	864,413	79,598	
Other Expenses	121,020	121,020	71,297	49,723	
Other Public Works Functions					
Other Expenses - Sewer System	41,800	51,800	50,587	1,213	
Other Expenses - Drainage	63,175	63,175	42,206	20,969	
Other Expenses - Beautification Comm.	3,000	3,000	2,877	123	
Waste Collection					
Other Expenses	325,000	325,000	299,606	25,394	
Buildings and Grounds					
Salaries & Wages	18,000	18,000		18,000	
Other Expenses	101,200	101,200	68,621	32,579	
Other Expenses - Environmental Testing	3,000	3,000	3,000	-	
Vehicle Maintenance					
Other Expenses	85,000	85,000	84,218	782	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	8,160	8,160	8,160	-	
Other Expenses	54,850	54,850	48,661	6,189	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries & Wages	10,000	30,100	30,068	32	
Other Expenses	75,400	75,400	54,170	21,230	
Maintenance of Parks and Playgrounds					
Other Expenses	34,050	34,400	28,423	5,977	
OTHER COMMON OPERATING FUNCTIONS					
Salary & Wage Adjustment	30,000	30,000		30,000	
Senior Citizen Program					
Other Expenses	7,100	7,100	5,961	1,139	
Senior Citizen / Community Busing					
Salaries & Wages	10,500	10,500	9,005	1,495	
Municipal Court					
Salaries and Wages	52,579	52,579	52,579	-	
Other Expenses	24,850	24,850	11,947	12,903	

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)**

	<u>2017 Appropriations</u>		<u>2017 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
OTHER COMMON OPERATING FUNCTIONS (Cont'd)					
Uniform Construction Code Enforcement Functions					
Appropriations Offset by Dedicated Revenues (N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Construction Code Official					
Salaries & Wages	\$ 106,358	\$ 106,358	\$ 105,064	\$ 1,294	
Other Expenses	10,650	10,650	3,332	7,318	
Other Code Enforcement Functions					
Rent Leveling Board					
Other Expenses	50	50		50	
Property Maintenance Code					
Other Expenses	100	100		100	
Unclassified:					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	215,000	215,000	184,367	30,633	
Street Lighting	135,000	135,000	123,470	11,530	
Telephone	40,000	40,000	32,709	7,291	
Water	17,000	17,000	12,618	4,382	
Gasoline	150,000	150,000	130,240	19,760	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Garbage - Tipping Fees	300,000	300,000	255,280	44,720	
Recycling - Leaf Disposal	55,000	55,000	47,041	7,959	-
Total Operations Within "CAPS"	<u>10,296,707</u>	<u>10,284,205</u>	<u>9,011,326</u>	<u>1,272,879</u>	<u>-</u>
Detail:					
Salaries & Wages	4,970,250	5,077,526	4,921,033	156,493	-
Other Expenses	5,326,457	5,206,679	4,090,293	1,116,386	-
DEFERRED CHARGES / REGULATORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deferred Charges					
Prior Year Bills					
P & A Auto Parts	2,180	2,180	2,180		-
Statutory Charges					
Social Security System (O.A.S.I.)	195,000	195,000	193,875	1,125	
Public Employees Retirement System	189,912	202,412	202,269	143	
Consolidated Police & Fire Retirement System	100	100		100	
Police & Firemens' Retirement	767,637	767,637	767,637	-	
Pension Adjustment Fund	100	100		100	
Defined Contribution Retirement Program	9,000	9,000	7,122	1,878	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>1,163,929</u>	<u>1,176,429</u>	<u>1,173,083</u>	<u>3,346</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>11,460,636</u>	<u>11,460,634</u>	<u>10,184,409</u>	<u>1,276,225</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF LITTLE FERRY  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)**

	<u>2017 Appropriations</u>		<u>2017 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAPS"					
Police Dispatch/911					
Other Expenses	\$ 8,500	\$ 8,500	\$ 8,250	\$ 250	
Educational Functions					
Maintenance of Free Public Library (P.L.1985 C.82)	340,000	340,000	315,883	24,117	
Sewerage Processing and Disposal Costs					
Bergen County Utilities Authority - Operation and Maintenance	926,178	926,179	926,178	1	
Bergen County Utilities Authority - Debt Service	358,739	358,740	358,739	1	
South Hackensack Sewer Charges	19,603	19,603	19,602	1	
Recycling Tax	12,000	12,000	11,954	46	
Reserve for Tax Appeals	125,000	125,000	125,000	-	
Public Safety Functions					
LOSAP- Fire Dept.	<u>103,500</u>	<u>103,500</u>	<u>103,500</u>	-	-
Total Other Operations Excluded from "CAPS"	<u>1,893,520</u>	<u>1,893,522</u>	<u>1,869,106</u>	<u>24,416</u>	-
Interlocal Municipal Services Agreement					
Bergen County Utilities Authority					
Salaries & Wages	150,000	150,000	150,000		
Tenafly Registrar Shared Services					
Salaries & Wages	20,000	20,000	10,200	9,800	
Bogota Shared Services					
Salaries & Wages	64,900	64,900	64,900		
Other Expenses	<u>5,000</u>	<u>5,000</u>	<u>2,981</u>	<u>2,019</u>	-
School Resource Officer	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	-	-
Total Interlocal Municipal Service Agreements	<u>284,900</u>	<u>284,900</u>	<u>273,081</u>	<u>11,819</u>	-
Public and Private Programs Offset by Revenues					
Body Armor Replacement Program		6,024	6,024		
Municipal Recycling Assistance	11,871	21,633	21,633		
Municipal Alliance	9,876	9,876	9,876		
Clean Communities	-	<u>17,721</u>	<u>17,721</u>	-	-
Total Public and Private Programs Offset by Revenues	<u>21,747</u>	<u>55,254</u>	<u>55,254</u>	-	-
Total Operations Excluded from "CAPS"	<u>2,200,167</u>	<u>2,233,676</u>	<u>2,197,441</u>	<u>36,235</u>	-
Detail:					
Salaries & Wages	279,900	279,900	270,100	9,800	-
Other Expenses	<u>1,920,267</u>	<u>1,953,776</u>	<u>1,927,341</u>	<u>26,435</u>	-

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)**

	<u>2017 Appropriations</u>		<u>2017 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (CONT'D.)					
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 500,000	\$ 500,000	\$ 500,000	-	-
Total Capital Improvements Excluded from "CAPS"	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	680,000	680,000	680,000		
Payment of Bond Anticipation Notes	357,356	357,356	322,736		\$ 34,620
Interest on Bonds	223,850	223,850	212,338		11,512
Interest on Notes	137,566	137,566	137,566		
Green Trust Loan Repayments - Princ. & Interest	<u>31,475</u>	<u>31,475</u>	<u>31,475</u>	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>1,430,247</u>	<u>1,430,247</u>	<u>1,384,115</u>	-	<u>46,132</u>
DEFERRED CHARGES - Excluded from CAPS Special Emergency (5 years)	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	-	-
Total Deferred Charges- Excluded from "CAPS"	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	-	-
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	<u>75,951</u>	<u>75,951</u>	<u>75,951</u>	-	-
Total General Appropriations Excluded from "CAPS"	<u>4,242,365</u>	<u>4,275,874</u>	<u>4,193,507</u>	\$ 36,235	<u>46,132</u>
Subtotal General Appropriations	15,703,001	15,736,508	14,377,916	1,312,460	46,132
Reserve for Uncollected Taxes	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	-	-
Total General Appropriations	<u>\$ 16,803,001</u>	<u>\$ 16,836,508</u>	<u>\$ 15,477,916</u>	<u>\$ 1,312,460</u>	<u>\$ 46,132</u>
Budget as Adopted		\$ 16,803,001			
Added by 40A:4-87		<u>33,507</u>			
		<u>\$ 16,836,508</u>			

**BOROUGH OF LITTLE FERRY  
BALANCE SHEET - REGULATORY BASIS - TRUST FUNDS  
AS OF DECEMBER 31, 2017 (UNAUDITED)**

	<u>2017</u>
<b>ASSETS</b>	
<b>ANIMAL CONTROL FUND</b>	
Cash	\$ <u>12,452</u>
	<u>12,452</u>
<b>OTHER TRUST FUND</b>	
Cash	691,693
Due from Current Fund	<u>463,541</u>
	<u>1,155,234</u>
<b>COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND</b>	
Cash	100
Due from Other Trust Fund	<u>100</u>
	<u>200</u>
<b>UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND</b>	
Cash	<u>58,165</u>
	<u>58,165</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND-(LOSAP)-(UNAUDITED)</b>	
Investments	1,242,090
Due from Current Fund	<u>99,258</u>
	<u>1,341,348</u>
Total Assets	<u>\$ 2,567,399</u>

**BOROUGH OF LITTLE FERRY  
BALANCE SHEET - REGULATORY BASIS - TRUST FUNDS  
AS OF DECEMBER 31, 2017 (UNAUDITED)**

2016

**LIABILITIES, RESERVES AND FUND BALANCE**

**ANIMAL CONTROL FUND**

Reserve for Animal Control Fund Expenditures	\$ 9,230
Due to Current Fund	<u>3,222</u>
	<u>12,452</u>

**OTHER TRUST FUND**

Escrow and Miscellaneous Deposits	461,422
Due to General Capital Fund	2,711
Payroll Deductions Payable	62,542
Reserve for POAA	7,924
Reserve for Municipal Alliance Fund	70
Reserve for Recreation Fees	45,844
Reserve for Accumulated Leave Compensation	463,476
Reserve for Affordable Housing	111,145
Due to Community Development Trust Fund	<u>100</u>
	<u>1,155,234</u>

**COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND**

Due to General Capital Fund	<u>200</u>
	<u>200</u>

**UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND**

Due to State of New Jersey	-
Reserve for Expenditures	<u>58,165</u>
	<u>58,165</u>

**LENGTH OF SERVICE AWARDS PROGRAM**

**TRUST FUND (LOSAP) (UNAUDITED)**

Reserve for LOSAP Benefits	<u>1,341,348</u>
----------------------------	------------------

Total Liabilities, Reserves and  
Fund Balance

\$ 2,567,399

**BOROUGH OF LITTLE FERRY  
BALANCE SHEET - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2017 (UNAUDITED)**

	<u>2017</u>
<b>ASSETS</b>	
Cash	\$ 2,835,305
Grants Receivable	1,397,181
Deferred Charges to Future Taxation	
Funded	9,016,125
Unfunded	6,692,131
Cancelled Grants Receivable	
Due from Community Development Trust Fund	200
Due from Other Trust Fund	<u>2,711</u>
 Total Assets	 <u><u>\$ 19,943,653</u></u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>	
General Serial Bonds Payable	\$ 8,852,000
Bond Anticipation Notes Payable	4,285,097
Green Acres Loan Payable	164,125
Improvement Authorizations	
Funded	280,877
Unfunded	2,973,110
Encumbrances/Contracts Payable	845,938
Due to Current Fund	217
Reserve for Grants Receivable	1,318,681
Reserve for Payment of Bonds	245,278
Capital Improvement Fund	649,513
Fund Balance	<u>328,817</u>
 Total Liabilities, Reserves and Fund Balance	 <u><u>\$ 19,943,653</u></u>

There were bonds and notes authorized but not issued at December 31, 2017 of \$4,181,599.



**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)**

	<u>2017</u>
Balance, January 1	\$ 147,070
Increased by:	
Premium on Sale of Bonds and Notes	33,821
Funded Improvement Authorizations Cancelled	<u>147,926</u>
	328,817
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>-</u>
Balance, December 31	<u><u>\$ 328,817</u></u>

**BOROUGH OF LITTLE FERRY  
BALANCE SHEET - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2017 (UNAUDITED)**

	<u>2017</u>
<b>ASSETS</b>	
Land and Land Improvements	\$ 8,136,436
Buildings and Building Improvements	16,886,802
Machinery and Equipment	<u>6,133,339</u>
 Total Assets	 <u>\$ 31,156,577</u>
 <b>FUND BALANCE</b>	
Investment in General Fixed Assets	<u>\$ 31,156,577</u>

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS OF THE BOROUGH  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
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MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of the Borough Council  
Borough of Little Ferry  
Little Ferry, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Little Ferry, as of December 31, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Little Ferry on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Little Ferry as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 18 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 54 percent and 52 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2016 and 2015.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Little Ferry as of December 31, 2016 and 2015, and the results of operations and changes in fund balance – regulatory basis of such funds, the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the years then ended in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2017 on our consideration of the Borough of Little Ferry's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Little Ferry's internal control over financial reporting and compliance.

By/s/

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

Fair Lawn, New Jersey  
June 23, 2017

**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
Cash	\$ 8,902,507	\$ 8,260,863
Grants Receivable	417,824	467,311
Due from State - Senior Citizens and Veterans	<u>138</u>	<u>-</u>
	<u>9,320,469</u>	<u>8,728,174</u>
Receivables and Other Assets with Full Reserves		
Delinquent Property Taxes Receivable	839,000	819,886
Property Acquired for Taxes - Assessed Valuation	1,062,600	1,062,600
Revenue Accounts Receivable	13,782	13,297
Due from General Capital Fund	184	221
Due from Animal Control Fund	<u>3,222</u>	<u>777</u>
	<u>1,918,788</u>	<u>1,896,781</u>
Deferred Charges		
Special Emergency Authorization	<u>98,000</u>	<u>599,000</u>
	<u>98,000</u>	<u>599,000</u>
Total Assets	<u>\$ 11,337,257</u>	<u>\$ 11,223,955</u>



**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
Liabilities		
Appropriation Reserves	\$ 1,356,803	\$ 1,641,058
Encumbrances Payable	403,951	403,537
Accounts Payable	69,900	61,080
Due to State - Senior Citizens and Veterans	-	4,112
Miscellaneous Deposits and Reserves	31,338	103,173
Due to State- Marriage Licenses	395	395
Due to State- DCA Training Fees Payable	716	716
Local School District Taxes Payable	2,811,703	2,629,449
Prepaid Taxes	707,340	651,263
County Taxes Payable	2,726	
Reserve for Tax Appeals	252,440	199,919
Reserve for Grants Appropriated	298,753	356,087
Reserve for Grants - Unappropriated	-	2,605
Special Emergency Note Payable	98,000	599,000
Tax Overpayments	118,011	27,900
Due to Length of Service Awards Program (LOSAP) Trust Fund	99,258	89,819
Due to Other Trust Fund	<u>463,441</u>	<u>244,358</u>
	6,714,775	7,014,471
Reserve for Receivables	1,918,788	1,896,781
Fund Balance	<u>2,703,694</u>	<u>2,312,703</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 11,337,257</u>	<u>\$ 11,223,955</u>

**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>		
Fund Balance Utilized	\$ 1,700,000	\$ 1,700,000
Miscellaneous Revenue Anticipated	2,238,936	2,526,516
Receipts from Delinquent Taxes	814,720	682,116
Receipts from Current Taxes	32,159,887	31,485,519
Non-Budget Revenue	368,208	245,385
Other Credits to Income		
Statutory Excess - Animal Control	3,222	777
Interfunds Returned	998	9,566
Cancel Balance of Miscellaneous Reserve	71,835	2,054
Unexpended Balance of Appropriation Reserves	<u>1,292,442</u>	<u>1,339,288</u>
 Total Revenues	 <u>38,650,248</u>	 <u>37,991,221</u>
<b>EXPENDITURES</b>		
Budget and Emergency Appropriations		
Operations		
Salaries and Wages	5,137,208	4,961,317
Other Expenses	7,052,591	7,198,291
Deferred Charges and Statutory		
Expenditures - Municipal	1,726,498	1,726,868
Capital Improvements	500,000	455,000
Municipal Debt Service	1,063,184	949,190
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	77,075	77,075
County Taxes Payable	2,471,967	2,442,617
Due County for Added and Omitted Taxes	2,726	1,770
Local District School Taxes Payable	18,512,051	18,147,559
Establish Reserve for Interfunds	3,406	777
Refund Prior Year Revenue	<u>12,551</u>	<u>1,814</u>
 Total Expenditures	 <u>36,559,257</u>	 <u>35,962,278</u>
 Statutory Excess to Fund Balance	 2,090,991	 2,028,943
 Fund Balance, January 1	 <u>2,312,703</u>	 <u>1,983,760</u>
	4,403,694	4,012,703
Decreased by:		
Utilization as Anticipated Revenue	<u>1,700,000</u>	<u>1,700,000</u>
 Fund Balance, December 31	 <u>\$ 2,703,694</u>	 <u>\$ 2,312,703</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>		<u>2015</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>	<u>Actual</u>	<u>Modification</u>	<u>Actual</u>
<b>FUND BALANCE ANTICIPATED</b>	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	1,700,000
<b>MISCELLANEOUS REVENUES</b>				
Licenses				
Alcoholic Beverages	35,300	36,126	35,300	\$ 35,876
Other	53,000	62,977	60,000	53,905
Fees and Permits	17,000	19,772	17,000	20,418
Fines and Costs				
Municipal Court	202,000	191,868	210,000	202,451
Interest and Costs on Taxes	180,000	211,075	180,000	180,693
Energy Receipts Tax	868,369	868,369	868,369	868,369
Consolidated Municipal Property Tax Relief Act	69,980	69,980	69,980	69,980
Uniform Fire Safety Act	18,000	34,295	24,000	18,848
Uniform Construction Code Fees	150,000	235,855	150,000	259,128
State and Federal Revenues Offset with				
Appropriations				
Clean Communities	\$ 20,859	20,859	18,249	18,249
Municipal Recycling Assistance - Unappropriated			12,057	12,057
Drunk Driving Enforcement Fund - Unappropriated			2,609	2,609
Body Armor Grant	5,190	5,190		
Municipal Recycling Tonnage	10,727	10,727		
Municipal Alliance	9,876	9,876	9,214	9,214
Alcohol Education & Rehabilitation			236	236
Losen Slote Stormwater Planning			49,090	49,090
NJ Post Sandy Planning Grants			375,495	375,495
Other Special Items:				
Reserve for Payment of Debt	17,500	17,500	17,500	17,500
Hotel Tax	59,000	68,234	59,000	69,204
Cell Tower Rents	38,000	42,842	38,000	41,194
Summer Recreation	52,000	66,391		
Shared Service Agreement - Bogota Court	55,000	57,000	55,000	57,000
Shared Service Agreement - Tenafly-Registrar	15,000	15,000	15,000	15,000
Shared Service Agreement- School Resource Officer	45,000	45,000		
Interlocal Agreement - BCUA	150,000	150,000	150,000	150,000
	2,071,801	2,238,936	2,416,099	2,526,516
<b>RECEIPTS FROM DELINQUENT TAXES</b>	800,000	814,720	650,000	682,116
<b>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</b>				
Local Tax For Municipal Purposes	11,743,655	11,931,701	11,340,864	11,631,160
Minimum Library Tax	341,442	341,442	362,413	362,413
Total Amount to be Raised by Taxes for Support of Municipal Budget	12,085,097	12,273,143	11,703,277	11,993,573
Total General Revenues	\$ 16,656,898	\$ 17,026,799	\$ 16,469,376	\$ 16,902,205

The Accompanying Notes are an Integral Part of these Financial Statements

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2016 STATEMENT OF EXPENDITURES

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016 Appropriations</u>		<u>2016 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 121,000	\$ 121,000	\$ 98,899	\$ 22,101	
Other Expenses - Postage	23,500	23,500	19,026	4,474	
Other Expenses - Miscellaneous	161,995	161,995	141,232	20,763	
CDL Drug Testing	5,000	5,000		5,000	
Mayor & Council					
Salaries & Wages	35,950	35,950	35,950	-	
Other Expenses	8,955	8,955	6,694	2,261	
Municipal Clerk					
Salaries & Wages	72,673	72,973	72,972	1	
Other Expenses	16,675	16,675	8,511	8,164	
Other Expenses - Elections	8,250	8,250	7,513	737	
Financial Administration (Treasury)					
Salaries & Wages	121,388	121,388	101,687	19,701	
Other Expenses	46,000	46,000	38,557	7,443	
Audit Services					
Other Expenses	46,000	46,000	42,200	3,800	
Revenue Administration (Tax Collection)					
Salaries & Wages	45,000	45,005	45,000	5	
Other Expenses	16,350	16,350	6,832	9,518	
Assessment of Taxes					
Salaries & Wages	19,720	19,720	17,220	2,500	
Other Expenses	68,875	68,875	62,081	6,794	
Legal Services & Costs					
Other Expenses - Fees and Costs	103,000	103,000	97,420	5,580	
Other Expenses - Special Counsel	15,000	15,000	250	14,750	
Engineering Services & Costs					
Other Expenses	30,000	30,000	25,619	4,381	
Historic Society					
Other Expenses	100	100	-	100	
Planning Board/ Zoning Board					
Salaries & Wages	5,250	5,250	5,100	150	
Other Expenses	17,200	27,200	25,624	1,576	
Insurance					
General Liability	462,950	462,950	410,971	51,979	
Employee Group Health	1,968,924	1,762,045	1,345,936	416,109	
PUBLIC SAFETY					
Aid to Volunteer Ambulance First Aid Squad	20,000	20,000	20,000	-	
Fire					
Salaries & Wages	8,721	8,721	8,517	204	
Salaries & Wages - Uniform Fire Safety	15,494	21,144	21,132	12	
Other Expenses - Clothing Allowance	58,140	58,140	5,850	52,290	
Other Expenses - Miscellaneous	45,250	49,550	49,501	49	
Other Expenses - Uniform Fire Safety	19,250	19,250	15,578	3,672	
Other Expenses - Fire Hydrant Services	105,500	105,500	98,484	7,016	

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016 Appropriations</u>		<u>2016 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY (Cont'd)					
Police					
Salaries & Wages	\$ 3,240,291	\$ 3,240,291	\$ 3,138,926	\$ 101,365	
Other Expenses - Miscellaneous	129,900	129,900	116,890	13,010	
Office of Emergency Management					
Other Expenses	17,000	17,000	7,787	9,213	
PUBLIC WORKS					
Streets & Roads Maintenance					
Salaries & Wages	927,546	927,546	831,951	95,595	
Other Expenses	123,750	123,750	84,242	39,508	
Other Public Works Functions					
Other Expenses - Sewer System	41,600	41,600	8,059	33,541	
Other Expenses - Drainage	58,000	58,000	31,566	26,434	
Other Expenses- Beautification Comm.	2,000	2,000	976	1,024	
Waste Collection					
Other Expenses	325,000	365,000	354,309	10,691	
Buildings and Grounds					
Salaries & Wages	17,500	17,500	6,581	10,919	
Other Expenses	75,200	94,200	93,078	1,122	
Other Expenses - Environmental Testing	3,000	3,000	2,455	545	
Vehicle Maintenance					
Other Expenses	75,500	88,000	85,935	2,065	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	7,577	8,077	8,000	77	
Other Expenses	54,600	54,600	50,498	4,102	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries & Wages	9,000	9,000	9,000	-	
Other Expenses	29,500	70,888	68,354	2,534	
Maintenance of Parks and Playgrounds					
Other Expenses	42,750	42,750	19,872	22,878	
OTHER COMMON OPERATING FUNCTIONS					
Salary & Wage Adjustment	30,000	30,000		30,000	
Senior Citizen Program					
Other Expenses	7,100	7,100	5,388	1,712	
Senior Citizen / Community Busing					
Salaries & Wages	7,000	10,500	10,001	499	
Municipal Court					
Salaries and Wages	60,856	60,856	60,412	444	
Other Expenses	24,850	24,850	13,577	11,273	

**BOROUGH OF LITTLE FERRY  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2016 Appropriations</u>		<u>2016 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
OTHER COMMON OPERATING FUNCTIONS (Cont'd)					
Uniform Construction Code Enforcement Functions					
Appropriations Offset by Dedicated					
Revenues (N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Construction Code Official					
Salaries & Wages	\$ 122,287	\$ 122,287	\$ 103,926	\$ 18,361	
Other Expenses	10,650	10,650	2,034	8,616	
Other Code Enforcement Functions					
Rent Leveling Board					
Other Expenses	50	50		50	
Property Maintenance Code					
Other Expenses	100	100		100	
Unclassified:					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	215,000	215,000	196,708	18,292	
Street Lighting	135,000	135,000	113,658	21,342	
Telephone	40,000	40,000	38,925	1,075	
Water	17,000	17,000	10,727	6,273	
Gasoline	150,000	150,000	85,189	64,811	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Garbage - Tipping Fees	300,000	300,000	237,024	62,976	
Recycling - Leaf Disposal	55,000	55,000	25,476	29,524	-
<b>Total Operations Within "CAPS"</b>	<b>10,046,717</b>	<b>9,976,981</b>	<b>8,655,880</b>	<b>1,321,101</b>	<b>-</b>
Detail:					
Salaries & Wages	4,867,253	4,877,208	4,575,274	301,934	-
Other Expenses	5,179,464	5,099,773	4,080,606	1,019,167	-
DEFERRED CHARGES / REGULATORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deferred Charges					
Prior Year Bills					
P & A Auto Parts	211	214	213		\$ 1
Statutory Charges					
Social Security System (O.A.S.I.)	195,000	195,000	190,368	4,632	
Public Employees Retirement System	189,822	251,155	251,150	5	
Consolidated Police & Fire Retirement System	100	100		100	
Police & Firemens' Retirement	733,286	733,286	733,286	-	
Pension Adjustment Fund	100	100	17	83	
Defined Contribution Retirement Program	9,000	9,000	5,569	3,431	-
<b>Total Deferred Charges &amp; Statutory Expenditures - Municipal within "CAPS"</b>	<b>1,127,519</b>	<b>1,188,855</b>	<b>1,180,603</b>	<b>8,251</b>	<b>1</b>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>11,174,236</b>	<b>11,165,836</b>	<b>9,836,483</b>	<b>1,329,352</b>	<b>1</b>



**BOROUGH OF LITTLE FERRY  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016 Appropriations</u>		<u>2016 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Police Dispatch/911					
Other Expenses	\$ 8,500	\$ 8,500	\$ 8,118	\$ 382	
Educational Functions					
Maintenance of Free Public Library (P.L.1985 C.82)	342,000	342,000	325,364	16,636	
Sewerage Processing and Disposal Costs					
Bergen County Utilities Authority - Operation and Maintenance	888,414	888,414	888,396	18	
Bergen County Utilities Authority - Debt Service	364,086	364,086	364,082	4	
South Hackensack Sewer Charges	17,700	26,100	26,082	18	
Recycling Tax	12,000	12,000	11,811	189	
Reserve for Tax Appeals	125,000	125,000	125,000	-	-
Insurance					
Employee Group Health	31,566	31,566	31,566		
Public Safety Functions					
LOSAP- Fire Dept.	<u>103,500</u>	<u>103,500</u>	<u>99,258</u>	<u>4,242</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,892,766</u>	<u>1,901,166</u>	<u>1,879,677</u>	<u>21,489</u>	<u>-</u>
Interlocal Municipal Services Agreement					
Bergen County Utilities Authority Salaries & Wages	150,000	150,000	150,000		
Tenafly Registrar Shared Services					
Salaries & Wages	60,000	60,000	55,000	5,000	
Bogota Shared Services					
Salaries & Wages	50,000	50,000	50,000		
Other Expenses	<u>5,000</u>	<u>5,000</u>	<u>4,038</u>	<u>962</u>	<u>-</u>
Total Interlocal Municipal Service Agreements	<u>265,000</u>	<u>265,000</u>	<u>259,038</u>	<u>5,962</u>	<u>-</u>
Public and Private Programs Offset by Revenues					
Body Armor Replacement Program		5,190	5,190		
Municipal Recycling Tonnage		10,727	10,727		
Municipal Alliance	9,876	9,876	9,876		
Clean Communities	<u>-</u>	<u>20,859</u>	<u>20,859</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>9,876</u>	<u>46,652</u>	<u>46,652</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,167,642</u>	<u>2,212,818</u>	<u>2,185,367</u>	<u>27,451</u>	<u>-</u>
Detail:					
Salaries & Wages	260,000	260,000	255,000	5,000	-
Other Expenses	<u>1,907,642</u>	<u>1,952,818</u>	<u>1,930,367</u>	<u>22,451</u>	<u>-</u>

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2016 Appropriations</u>		<u>2016 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (CONT'D.)					
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 500,000	\$ 500,000	\$ 500,000	-	-
Total Capital Improvements Excluded from "CAPS"	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	645,000	645,000	645,000		
Payment of Bond Anticipation Notes	152,000	152,000	152,000		
Interest on Bonds	173,050	173,050	173,050		
Interest on Notes	62,000	62,000	61,659		\$ 341
Green Trust Loan Repayments - Princ. & Interest	31,475	31,475	31,475	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>1,063,525</u>	<u>1,063,525</u>	<u>1,063,184</u>	-	<u>341</u>
DEFERRED CHARGES - Excluded from CAPS					
Special Emergency (5 years)	501,000	501,000	501,000	-	
Cancelled Capital Grant Receivable	36,644	36,644	36,644	-	-
Total Deferred Charges- Excluded from "CAPS"	<u>537,644</u>	<u>537,644</u>	<u>537,644</u>	-	-
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	<u>77,075</u>	<u>77,075</u>	<u>77,075</u>	-	-
Total General Appropriations Excluded from "CAPS"	<u>4,345,886</u>	<u>4,391,062</u>	<u>4,363,270</u>	\$ 27,451	<u>341</u>
Subtotal General Appropriations	15,520,122	15,556,898	14,199,753	1,356,803	342
Reserve for Uncollected Taxes	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	-	-
Total General Appropriations	<u>\$ 16,620,122</u>	<u>\$ 16,656,898</u>	<u>\$ 15,299,753</u>	<u>\$ 1,356,803</u>	<u>\$ 342</u>
Budget as Adopted		\$ 16,620,122			
Added by 40A:4-87		<u>36,776</u>			
		<u>\$ 16,656,898</u>			

2015 STATEMENT OF EXPENDITURES

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015 Appropriations</u>		<u>2015 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 130,000	\$ 120,000	\$ 107,512	\$ 12,488	
Other Expenses - Postage	76,995	86,995	65,421	21,574	
Other Expenses - Miscellaneous	23,500	23,500	14,438	9,062	
CDL Drug Testing	5,000	5,000	4,443	557	
Mayor & Council					
Salaries & Wages	35,950	35,950	35,950		
Other Expenses	6,955	6,955	4,520	2,435	
Municipal Clerk					
Salaries & Wages	65,525	71,625	71,558	67	
Other Expenses	15,675	15,675	12,612	3,063	
Other Expenses - Elections	8,250	8,250	7,143	1,107	
Financial Administration (Treasury)					
Salaries & Wages	112,500	112,500	93,300	19,200	
Other Expenses	46,000	46,000	42,822	3,178	
Audit Services					
Other Expenses	46,000	46,000	41,500	4,500	
Revenue Administration (Tax Collection)					
Salaries & Wages	52,500	54,500	54,310	190	
Other Expenses	16,350	16,350	5,810	10,540	
Assessment of Taxes					
Salaries & Wages	22,420	22,420	17,220	5,200	
Other Expenses	88,875	88,875	47,827	41,048	
Legal Services & Costs					
Other Expenses - Fees and Costs	108,000	110,670	107,680	2,990	
Engineering Services & Costs					
Other Expenses	30,000	30,000	19,292	10,708	
Historic Society					
Other Expenses	100	100		100	
Planning Board/ Zoning Board					
Salaries & Wages	9,250	9,250	4,704	4,546	
Other Expenses	17,200	17,200	14,162	3,038	
Insurance					
General Liability	454,000	454,000	411,816	42,184	
Employee Group Health	1,848,496	1,694,371	1,231,086	463,285	
PUBLIC SAFETY					
Aid to Volunteer Ambulance First Aid Squad					
Fire					
Salaries & Wages	8,775	8,775	8,350	425	
Salaries & Wages - Uniform Fire Safety	18,494	20,494	20,230	264	
Other Expenses - Clothing Allowance	57,000	57,000		57,000	
Other Expenses - Miscellaneous	38,900	40,400	40,116	284	
Other Expenses - Uniform Fire Safety	19,250	19,250	11,708	7,542	
Other Expenses - Fire Hydrant Services	100,500	100,500	100,500		

**BOROUGH OF LITTLE FERRY  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015 Appropriations</u>		<u>2015 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY (Cont'd)					
Police					
Salaries & Wages	\$ 3,209,032	\$ 3,209,032	\$ 2,834,698	\$ 374,334	
Other Expenses - Miscellaneous	193,300	193,300	154,131	39,169	
Office of Emergency Management					
Other Expenses	10,000	10,000	6,285	3,715	
PUBLIC WORKS					
Streets & Roads Maintenance					
Salaries & Wages	861,500	861,500	811,624	49,876	
Other Expenses	107,250	107,250	87,924	19,326	
Other Public Works Functions					
Other Expenses - Sewer System	41,600	41,600	11,801	29,799	
Other Expenses - Drainage	58,000	58,000	37,031	20,969	
Other Expenses- Beautification Comm.	1,000	3,000	2,913	87	
Waste Collection					
Other Expenses	200,000	318,000	313,489	4,511	
Buildings and Grounds					
Salaries & Wages	17,500	17,500	12,187	5,313	
Other Expenses	74,200	74,200	71,204	2,996	
Other Expenses - Environmental Testing	3,000	3,000		3,000	
Vehicle Maintenance					
Other Expenses	76,500	76,500	56,537	19,963	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	7,354	7,454	7,428	26	
Other Expenses	62,600	62,600	43,283	19,317	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries & Wages	9,000	9,000	9,000		
Other Expenses	29,650	29,650	22,291	7,359	
Maintenance of Parks and Playgrounds					
Other Expenses	17,850	30,850	28,890	1,960	
OTHER COMMON OPERATING FUNCTIONS					
Salary & Wage Adjustment	30,000	30,000	30,000		
Senior Citizen Program					
Other Expenses	6,500	7,500	7,456	44	
Senior Citizen / Community Busing					
Salaries & Wages	7,100	7,100	629	6,471	
Municipal Court					
Salaries and Wages	46,734	46,734	44,724	2,010	
Other Expenses	24,850	24,850	11,185	13,665	

**BOROUGH OF LITTLE FERRY  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015 Appropriations</u>		<u>2015 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
OTHER COMMON OPERATING FUNCTIONS (Cont'd)					
Uniform Construction Code Enforcement Functions					
Appropriations Offset by Dedicated					
Revenues (N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Construction Code Official					
Salaries & Wages	\$ 102,483	\$ 102,483	\$ 89,404	\$ 13,079	
Other Expenses	10,650	10,650	5,203	5,447	
Other Code Enforcement Functions					
Rent Leveling Board					
Other Expenses	50	50		50	
Property Maintenance Code					
Other Expenses	100	100		100	
Unclassified:					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	215,000	215,000	193,141	21,859	
Street Lighting	130,000	130,000	117,823	12,177	
Telephone	40,000	40,000	38,151	1,849	
Water	16,500	16,500	11,490	5,010	
Gasoline	150,000	150,000	66,360	83,640	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Garbage - Tipping Fees	290,500	290,500	260,550	29,950	
Recycling - Leaf Disposal	55,000	55,000	6,363	48,637	-
<b>Total Operations Within "CAPS"</b>	<b>9,587,263</b>	<b>9,581,508</b>	<b>8,009,225</b>	<b>1,572,283</b>	<b>-</b>
Detail:					
Salaries & Wages	4,746,117	4,746,317	4,252,828	493,489	-
Other Expenses	4,841,146	4,835,191	3,756,397	1,078,794	-
DEFERRED CHARGES / REGULATORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	195,000	195,000	190,686	4,314	
Public Employees Retirement System	176,512	176,512	176,512		
Consolidated Police & Fire Retirement System	100	100		100	
Police & Firemens' Retirement	701,746	701,746	701,746		
Pension Adjustment Fund	100	100		100	
Defined Contribution Retirement Program	7,500	7,700	7,626	74	-
<b>Total Deferred Charges &amp; Statutory Expenditures - Municipal within "CAPS"</b>	<b>1,080,958</b>	<b>1,081,158</b>	<b>1,076,570</b>	<b>4,588</b>	<b>-</b>
<b>Total General Appropriations for Municipal Purposes Within "CAPS"</b>	<b>10,668,221</b>	<b>10,662,666</b>	<b>9,085,795</b>	<b>1,576,871</b>	<b>-</b>

**BOROUGH OF LITTLE FERRY  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015 Appropriations</u>		<u>2015 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Police Dispatch/911					
Other Expenses	\$ 8,500	\$ 8,500	\$ 7,959	\$ 541	
Educational Functions					
Maintenance of Free Public Library (P.L.1985 C.82)	390,000	390,000	354,982	35,018	
INSURANCE					
Employee Group Health	59,279	59,279	59,279		
Sewerage Processing and Disposal Costs					
Bergen County Utilities Authority - Operation and Maintenance	901,790	901,790	901,790	-	
Bergen County Utilities Authority - Debt Service	389,931	389,936	389,933	3	
South Hackensack Sewer Charges	16,095	17,645	17,634	11	
Recycling Tax	10,000	14,000	12,848	1,152	
Public Safety Functions					
LOSAP- Fire Dept.	<u>110,000</u>	<u>110,000</u>	<u>89,819</u>	<u>20,181</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,885,595</u>	<u>1,891,150</u>	<u>1,834,244</u>	<u>56,906</u>	<u>-</u>
Interlocal Municipal Services Agreement					
Bergen County Utilities Authority Salaries & Wages	150,000	150,000	150,000		
Tenafly Registrar Shared Services					
Salaries & Wages	15,000	15,000	10,600	4,400	
Bogota Shared Services					
Salaries & Wages	50,000	50,000	50,000		
Other Expenses	<u>5,000</u>	<u>5,000</u>	<u>2,119</u>	<u>2,881</u>	<u>-</u>
Total Interlocal Municipal Service Agreements	<u>220,000</u>	<u>220,000</u>	<u>212,719</u>	<u>7,281</u>	<u>-</u>
Public and Private Programs Offset by Revenues					
Post Sandy Planning Assistance Grants		424,585	424,585		
Drunk Driving Enforcement Grant	2,609	2,609	2,609		
Municipal Recycling Tonnage	12,057	12,057	12,057		
Municipal Alliance		9,214	9,214		
Alcohol Education & Rehabilitation		236	236		
Clean Communities	<u>-</u>	<u>18,249</u>	<u>18,249</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>14,666</u>	<u>466,950</u>	<u>466,950</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,120,261</u>	<u>2,578,100</u>	<u>2,513,913</u>	<u>64,187</u>	<u>-</u>
Detail:					
Salaries & Wages	215,000	215,000	210,600	4,400	-
Other Expenses	<u>1,905,261</u>	<u>2,363,100</u>	<u>2,303,313</u>	<u>59,787</u>	<u>-</u>

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015 Appropriations</u>		<u>2015 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (CONT'D.)					
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 455,000	\$ 455,000	\$ 455,000	-	-
Total Capital Improvements Excluded from "CAPS"	<u>455,000</u>	<u>455,000</u>	<u>455,000</u>	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	630,000	630,000	630,000		
Payment of Bond Anticipation Notes	75,000	75,000	75,000		
Interest on Bonds	189,350	189,350	189,350		
Interest on Notes	25,000	25,000	23,365		\$ 1,635
Green Trust Loan Repayments - Princ. & Interest	<u>31,475</u>	<u>31,475</u>	<u>31,475</u>	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>950,825</u>	<u>950,825</u>	<u>949,190</u>	-	<u>1,635</u>
DEFERRED CHARGES - Excluded from CAPS					
Special Emergency (5 years)	641,000	641,000	641,000	-	
Overexpenditure of Appropriations	<u>4,710</u>	<u>4,710</u>	<u>4,710</u>	-	-
Total Deferred Charges- Excluded from "CAPS"	<u>645,710</u>	<u>645,710</u>	<u>645,710</u>	-	-
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	<u>77,075</u>	<u>77,075</u>	<u>77,075</u>	-	-
Total General Appropriations Excluded from "CAPS"	<u>4,248,871</u>	<u>4,706,710</u>	<u>4,640,888</u>	\$ 64,187	<u>1,635</u>
Subtotal General Appropriations	14,917,092	15,369,376	13,726,683	1,641,058	1,635
Reserve for Uncollected Taxes	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	-	-
Total General Appropriations	<u>\$ 16,017,092</u>	<u>\$ 16,469,376</u>	<u>\$ 14,826,683</u>	<u>\$ 1,641,058</u>	<u>\$ 1,635</u>
Budget as Adopted		\$ 16,017,092			
Added by 40A:4-87		<u>452,284</u>			
		<u>\$ 16,469,376</u>			



**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>ANIMAL CONTROL FUND</b>		
Cash	\$ 10,053	\$ 8,489
	<u>10,053</u>	<u>8,489</u>
<b>OTHER TRUST FUND</b>		
Cash	591,260	830,184
Due from Current Fund	463,441	244,358
	<u>1,054,701</u>	<u>1,074,542</u>
<b>COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND</b>		
Cash	100	100
Due from Other Trust Fund	100	100
	<u>200</u>	<u>200</u>
<b>UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND</b>		
Cash	69,555	84,718
	<u>69,555</u>	<u>84,718</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM</b>		
<b>TRUST FUND-(LOSAP)-(UNAUDITED)</b>		
Investments	1,242,090	1,175,206
Due from Current Fund	99,258	89,819
	<u>1,341,348</u>	<u>1,265,025</u>
Total Assets	<u>\$ 2,475,857</u>	<u>\$ 2,432,974</u>

**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
<b>ANIMAL CONTROL FUND</b>		
Reserve for Animal Control Fund Expenditures	\$ 6,831	\$ 7,712
Due to Current Fund	<u>3,222</u>	<u>777</u>
	<u>10,053</u>	<u>8,489</u>
<b>OTHER TRUST FUND</b>		
Escrow and Miscellaneous Deposits	415,318	656,707
Due to General Capital Fund	2,711	2,711
Payroll Deductions Payable	656	56,432
Reserve for POAA	7,412	6,838
Reserve for Municipal Alliance Fund	70	70
Reserve for Recreation Fees	53,824	83,052
Reserve for Accumulated Leave Compensation	463,476	244,282
Reserve for Affordable Housing	111,134	24,350
Due to Community Development Trust Fund	<u>100</u>	<u>100</u>
	<u>1,054,701</u>	<u>1,074,542</u>
<b>COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND</b>		
Due to General Capital Fund	<u>200</u>	<u>200</u>
	<u>200</u>	<u>200</u>
<b>UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND</b>		
Due to State of New Jersey	-	239
Reserve for Expenditures	<u>69,555</u>	<u>84,479</u>
	<u>69,555</u>	<u>84,718</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM</b>		
<b>TRUST FUND (LOSAP) (UNAUDITED)</b>		
Reserve for LOSAP Benefits	<u>1,341,348</u>	<u>1,265,025</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 2,475,857</u>	<u>\$ 2,432,974</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash	\$ 2,663,346	\$ 5,458,606
Grants Receivable	2,938,162	3,717,334
Deferred Charges to Future Taxation		
Funded	5,996,897	6,669,125
Unfunded	11,471,993	11,333,420
Cancelled Grants Receivable	-	36,644
Due from Community Development Trust Fund	200	200
Due from Other Trust Fund	<u>2,711</u>	<u>2,711</u>
 Total Assets	 <u>\$ 23,073,309</u>	 <u>\$ 27,218,040</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
General Serial Bonds Payable	\$ 5,805,000	\$ 6,450,000
Bond Anticipation Notes Payable	8,084,356	8,610,597
Green Acres Loan Payable	191,897	219,125
Improvement Authorizations		
Funded	145,502	169,551
Unfunded	3,808,548	6,268,760
Encumbrances/Contracts Payable	1,331,063	1,266,291
Due to Current Fund	184	221
Reserve for Grants Receivable	2,713,162	3,492,334
Reserve for Payment of Bonds	131,340	148,840
Capital Improvement Fund	715,187	535,630
Fund Balance	<u>147,070</u>	<u>56,691</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 23,073,309</u>	 <u>\$ 27,218,040</u>

There were bonds and notes authorized but not issued at December 31, 2016 and 2015 amounting to \$4,409,574 and \$3,097,064 respectively.

**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Balance, January 1	\$ 56,691	\$ 198,977
Increased by:		
Premium on Sale of Notes	87,879	19,633
Funded Improvement Authorizations Cancelled	<u>2,500</u>	<u>6,981</u>
	147,070	225,591
Decreased by:		
Appropriated to Finance Improvement Authorizations	<u>-</u>	<u>168,900</u>
Balance, December 31	<u>\$ 147,070</u>	<u>\$ 56,691</u>

**BOROUGH OF LITTLE FERRY  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Land and Land Improvements	\$ 8,136,436	\$ 8,014,364
Buildings and Building Improvements	16,886,802	16,886,802
Machinery and Equipment	<u>6,133,339</u>	<u>5,940,703</u>
 Total Assets	 <u>\$ 31,156,577</u>	 <u>\$ 30,841,869</u>
 <b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 31,156,577</u>	<u>\$ 30,841,869</u>

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**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Borough of Little Ferry (“the Borough”) was incorporated in the year 1894 and is governed by a Mayor and a Council of six Council members, each of whom is elected by the voters. The Mayor’s term is for a four year period and the Council members for a three year period with two Council positions being voted upon each year. Appointments and committee member selections are made at the Annual Reorganization Meeting, generally held during the first week of January each year. Appointments and committee selections are made as provided for by statutes and ordinances governing these matters. The executive power of the Borough is exercised by the Mayor and Council. Administrative functions for implementing policies of the Borough are exercised by the Borough Administrator in conjunction with the department heads. Each Councilmember acts as a liaison to specific departments. These departments are: Department of Public Works/Buildings and Grounds, Police, Fire, Finance, Recreation and Board of Health. Day to day functions are under the direction of the Borough Administrator. Also present and available on a full time basis is the Borough Clerk. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

**B. Description of Regulatory Basis of Accounting**

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

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



**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

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

The Borough has the following funds and account group:

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

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

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

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

*Community Development Block Grant Trust Fund* - This fund is used to account for grant proceeds, program income and related expenditures for Federal Block grant entitlements.

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

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

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

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

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

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

**Reclassifications** - Certain reclassifications may have been made to the December 31, 2015 balances to conform to the December 31, 2016 presentation.

**Financial Statements – Regulatory Basis**

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

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

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

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Property Tax Revenues/Receivables** - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

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

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

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Deferred Charges** – Certain expenditures and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures and certain other items generally to be recognized when incurred, if measurable.

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

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

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

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

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

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Little Ferry has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**General Fixed Assets (Continued)**

General Fixed Assets purchased after December 31, 2002 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

General Fixed Assets purchased prior to December 31, 2002 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

Trust Funds
General Capital Fund

**BOROUGH OF LITTLE FERRY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgets and Budgetary Accounting (Continued)**

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2016 and 2015 the Borough Council increased the original budget by \$36,776, and \$452,284 respectively. The increases in 2016 and 2015 were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2016 and 2015.

**NOTE 3 CASH DEPOSITS AND INVESTMENTS**

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

**A. Cash Deposits**

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2016 and 2015, the book value of the Borough's deposits were \$12,236,821 and \$14,642,960 and bank and brokerage firm balances of the Borough's deposits amounted to \$13,337,373 and \$15,212,842, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2016</u>	<u>2015</u>
Insured	<u>\$ 13,337,373</u>	<u>\$ 15,212,842</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. However, as of December 31, 2016 and 2015 none of the Borough's bank balances were exposed to custodial credit risk.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

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

As of December 31, 2016 and 2015, the Borough had the following investments:

	<u>Fair Value</u>	
	<u>2016</u>	<u>2015</u>
Investment:		
Lincoln Financial Group LOSAP Investment Fund ( Unaudited)	<u>\$ 1,242,090</u>	<u>\$ 1,175,206</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2016 and 2015, \$1,242,090 and \$1,175,206 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value (LOSAP - Unaudited)</u>	
	<u>2016</u>	<u>2015</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 1,242,090</u>	<u>\$ 1,175,206</u>

**BOROUGH OF LITTLE FERRY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (Continued)**

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2016 and 2015, the Borough’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Services.

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

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

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

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2016 and 2015 consisted of the following:

<u>Current</u>	<u>2016</u>	<u>2015</u>
Property Taxes	<u>\$ 839,000</u>	<u>\$ 819,886</u>

In 2016 and 2015, the Borough collected \$814,720 and \$682,116 from delinquent taxes, which represented 99% and 100%, respectively of the prior year delinquent taxes receivable balance.



**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

	2016		2015	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 3,406	\$ 562,699	\$ 998	\$ 334,177
Trust Funds:				
Animal Control		3,222		777
Other Trust	463,441	2,811	244,358	2,811
Community Development - Block Grant	100	200	100	200
Length of Service Awards Program (LOSAP)	99,258		89,819	
General Capital Fund	<u>2,911</u>	<u>184</u>	<u>2,911</u>	<u>221</u>
 Total	 <u>\$ 569,116</u>	 <u>\$ 569,116</u>	 <u>\$ 338,186</u>	 <u>\$ 338,186</u>

The above balances are the result of revenues and/or expenditures being paid by one fund on behalf of another.

The Borough expects all interfund balances to be liquidated within one year except the interfund due to Other Trust Fund from Current Fund relating to accumulated leave compensation.

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<b><u>2016</u></b>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 98,000	\$ 36,000	\$ 62,000
<b><u>2015</u></b>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 599,000	\$ 501,000	\$ 98,000
General Capital Fund			
Cancelled Grants Receivable	36,644	36,644	-

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 7 DEFERRED SCHOOL TAXES**

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
	Local District <u>School</u>	Local District <u>School</u>
Balance of Tax	\$9,216,947	\$9,034,693
Deferred Liability	<u>6,405,244</u>	<u>6,405,244</u>
Taxes Payable	<u>\$2,811,703</u>	<u>\$2,629,449</u>

**NOTE 8 FUND BALANCES APPROPRIATED**

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

	<u>2016</u>		<u>2015</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 2,285,732	\$ 1,700,000	\$ 1,845,392	\$ 1,700,000
Non-Cash Surplus	<u>417,962</u>	<u>-</u>	<u>467,311</u>	<u>-</u>
	<u>\$ 2,703,694</u>	<u>\$ 1,700,000</u>	<u>\$ 2,312,703</u>	<u>\$ 1,700,000</u>

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 9 FIXED ASSETS**

**A. General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2016 and 2015.

	Balance December 31, <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2016</u>
<b><u>2016</u></b>				
Land and Land Improvements	\$ 8,014,364	\$ 122,072		\$ 8,136,436
Buildings and Building Improvements	16,886,802			16,886,802
Machinery and Equipment	<u>5,940,703</u>	<u>374,747</u>	<u>\$ 182,111</u>	<u>6,133,339</u>
	<u>\$ 30,841,869</u>	<u>\$ 496,819</u>	<u>\$ 182,111</u>	<u>\$ 31,156,577</u>
	Balance December 31, <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>				
Land and Land Improvements	\$ 7,889,746	\$ 124,618		\$ 8,014,364
Buildings and Building Improvements	16,886,802			16,886,802
Machinery and Equipment	<u>5,551,033</u>	<u>461,570</u>	<u>\$ 71,900</u>	<u>5,940,703</u>
	<u>\$ 30,327,581</u>	<u>\$ 586,188</u>	<u>\$ 71,900</u>	<u>\$ 30,841,869</u>

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT**

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

The Borough's debt is summarized as follows:

	<u>2016</u>	<u>2015</u>
Issued		
General		
Bonds, Notes and Loans	\$ 14,081,253	\$ 15,279,722
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,153,277</u>	<u>523,081</u>
Net Debt Issued	12,927,976	14,756,641
Authorized But Not Issued		
General		
Bonds and Notes	<u>4,409,574</u>	<u>3,097,064</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 17,337,550</u>	<u>\$ 17,853,705</u>

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.661% and 1.616% at December 31, 2016 and 2015, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2016</u>			
General Debt	\$ 18,490,827	\$ 1,153,277	\$ 17,337,550
School Debt	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 18,490,827</u>	<u>\$ 1,153,277</u>	<u>\$ 17,337,550</u>
 <u>2015</u>			
General Debt	\$ 18,376,786	\$ 523,081	\$ 17,853,705
School Debt	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	<u>\$ 18,376,786</u>	<u>\$ 523,081</u>	<u>\$ 17,853,705</u>

**Statutory Borrowing Power**

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

	<u>2016</u>	<u>2015</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 36,525,219	\$ 38,663,329
Less: Net Debt	<u>17,337,550</u>	<u>17,853,705</u>
Remaining Borrowing Power	<u>\$ 19,187,669</u>	<u>\$ 20,809,624</u>

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

	<u>2016</u>	<u>2015</u>
\$1,650,000, 2009 Refunding Bonds, due in annual installments of \$180,000 to \$185,000 through August, 2017, interest at 3.00% to 4.00%	\$ 180,000	\$ 365,000
\$6,300,000, 2010 Bonds, due in annual installments of \$150,000 to \$650,000 through September, 2025, interest at 2.00% to 3.00%	5,625,000	5,775,000
\$1,655,000, 2011 Refunding Bonds, due in annual installments of \$310,000 through May, 2016, interest at 2.00% to 3.50%	-	310,000
	<u>\$ 5,805,000</u>	<u>\$ 6,450,000</u>

**General Intergovernmental Loans Payable**

The Borough has entered into a loan agreement with the State of New Jersey for the financing relating to the Borough's Wetlands Acquisition Project, the Indian Lake property and the Indian Lake (Lakeview Park) Recreation Improvement Project, respectively. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2016</u>	<u>2015</u>
\$210,462, 2000 Loan, due in semi-annual installments of \$6,479 to \$12,514 through May, 2018, interest at 2.00%	\$ 19,245	\$ 31,759
\$122,710, 2000 Loan, due in semi-annual installments of \$7,082 to \$7,518 through July 2019, interest at 2.00%	22,111	29,193
\$172,988, 2013 Loan, due in semi-annual installments of \$5,325 to \$10,493 through February, 2033, interest at 2.00%	<u>150,541</u>	<u>158,173</u>
	<u>\$ 191,897</u>	<u>\$ 219,125</u>

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2016 is as follows:

Calendar Year	General Bonds		General Green Acres Loans		Total
	Principal	Interest	Principal	Interest	
2017	\$ 680,000	\$ 159,850	\$ 27,775	\$ 3,700	\$ 871,325
2018	625,000	142,750	21,790	3,142	792,681
2019	625,000	128,687	15,619	2,769	772,074
2020	625,000	113,063	8,264	2,493	748,819
2021	650,000	95,875	8,430	2,327	756,632
2022-2026	2,600,000	195,000	44,760	9,025	2,848,785
2027-2031			49,443	4,342	53,785
2032-2033	-	-	15,817	317	16,134
Total	<u>\$ 5,805,000</u>	<u>\$ 835,225</u>	<u>\$ 191,897</u>	<u>\$ 28,114</u>	<u>\$ 6,860,235</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2016 and 2015 were as follows:

	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<b><u>2016</u></b>					
General Capital Fund					
Bonds Payable	\$ 6,450,000		\$ 645,000	\$ 5,805,000	\$ 680,000
Intergovernmental Loans Payable	<u>219,125</u>	\$ -	<u>27,228</u>	<u>191,897</u>	<u>27,775</u>
General Capital Fund Long-Term Liabilities	<u>\$ 6,669,125</u>	<u>\$ -</u>	<u>\$ 672,228</u>	<u>\$ 5,996,897</u>	<u>\$ 707,775</u>

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt (Continued)**

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>					
General Capital Fund					
Bonds Payable	\$ 7,080,000		\$ 630,000	\$ 6,450,000	\$ 645,000
Intergovernmental Loans Payable	<u>245,816</u>	<u>\$ -</u>	<u>26,691</u>	<u>219,125</u>	<u>27,228</u>
General Capital Fund Long-Term Liabilities	<u>\$ 7,325,816</u>	<u>\$ -</u>	<u>\$ 656,691</u>	<u>\$ 6,669,125</u>	<u>\$ 672,228</u>

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2016 and 2015 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	Rate (%)	Maturity Date	Balance, December 31, <u>2015</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2016</u>
<b><u>2016</u></b>						
<u>General Capital Fund</u>						
Acquisition of Land	2.25	4/27/2017	\$ 115,084	\$ 113,085	\$ 115,084	\$ 113,085
Traffic Light/Liberty-Washington	2.25	4/27/2017	130,586	123,086	130,586	123,086
Improvements- Indian Lake Park	2.25	4/27/2017	9,329	4,804	9,329	4,804
Improvements to Willow Lake Park	2.25	4/27/2017	33,000	28,905	33,000	28,905
Phase III Improvements to Lakeview Park	2.25	4/27/2017	78,815	68,168	78,815	68,168
Various Improvements	2.25	4/27/2017	19,279	13,374	19,279	13,374
Repair of Sanitary Sewer Lines on Franklin & Eckel Streets	2.25	4/27/2017	237,250	195,129	237,250	195,129
Repair of Sanitary Sewer Lines on Maple St.	2.25	4/27/2017	20,507	17,231	20,507	17,231
Repair of Senior Center Roof	2.25	4/27/2017	158,789	153,313	158,789	153,313
Various Capital Improvements	2.25	4/27/2017	692,901	663,403	692,901	663,403
Various Improvements	2.25	4/27/2017	813,240	713,915	813,240	713,915



**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2015</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2016</u>
<b><u>2016 (Continued)</u></b>						
Various Road Improvements	2.25	4/27/2017	\$ 297,000	\$ 281,368	\$ 297,000	\$ 281,368
Brandt Street Improvements	2.25	4/27/2017	250,000	56,844	250,000	56,844
Acquisition and Installation of Generators	2.25	4/27/2017	270,000	270,000	270,000	270,000
Various Capital Improvements	2.25	4/27/2017	768,905	756,838	768,905	756,838
Sanitary Sewer Improvements- Neihaus & Williams	2.25	4/27/2017	98,412	48,625	98,412	48,625
Improvements to Lakeview Field	2.25	4/27/2017	4,000,000	4,000,000	4,000,000	4,000,000
New Roof on DPW Building	2.25	4/27/2017	<u>617,500</u>	<u>576,268</u>	<u>617,500</u>	<u>576,268</u>
Total General Capital Fund			<u>\$ 8,610,597</u>	<u>\$ 8,084,356</u>	<u>\$ 8,610,597</u>	<u>\$ 8,084,356</u>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>						
<b><u>General Capital Fund</u></b>						
Acquisition of Land	1.25	7/29/2016	\$ 127,088	\$ 115,084	\$ 127,088	\$ 115,084
Improvements- Franklin Street	1.25	11/12/2015	14,469		14,469	-
Traffic Light/Liberty-Washington	1.25	7/29/2016	144,500	130,586	144,500	130,586
Improvements- Indian Lake Park	1.25	7/29/2016	13,854	9,329	13,854	9,329
Improvements to Lakeview Avenue	1.25	11/12/2015	21,050		21,050	-

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2015</u>
<b><u>2015 (Continued)</u></b>						
Improvements to Willow Lake Park	1.25	7/29/2016	41,015	33,000	41,015	33,000
Phase III Improvements to Lakeview Park	1.25	7/29/2016	89,654	78,815	89,654	78,815
Various Improvements	1.25	7/29/2016	127,285	19,279	127,285	19,279
Repair of Sanitary Sewer Lines on Franklin & Eckel Streets	1.25	7/29/2016	339,375	237,250	339,375	237,250
Repair of Sanitary Sewer Lines on Maple St.	1.25	7/29/2016	37,176	20,507	37,176	20,507
Repair of Senior Center Roof	1.25	7/29/2016	158,789	158,789	158,789	158,789
Various Capital Improvements	1.25	7/29/2016	699,083	692,901	699,083	692,901
Various Improvements	1.25	7/29/2016	869,250	813,240	869,250	813,240
Various Road Improvements	1.25	7/29/2016	297,000	297,000	297,000	297,000
Brandt Street Improvements	1.25	7/29/2016	250,000	250,000	250,000	250,000
Acquisition and Installation of Generators	1.25	7/29/2016	70,000	70,000	70,000	70,000
Various Capital Improvements	1.25	7/29/2016	817,000	768,905	817,000	768,905
Sanitary Sewer Improvements- Neihaus & Williams	1.25	7/29/2016	98,412	98,412	98,412	98,412
Acquisition and Installation of Generators	1.25	7/29/2016		200,000		200,000
Improvements to Lakeview Field	1.25	7/29/2016		4,000,000		4,000,000
New Roof on DPW Building	1.25	7/29/2016	-	617,500	-	617,500
Total General Capital Fund			<u>\$ 4,215,000</u>	<u>\$ 8,610,597</u>	<u>\$ 4,215,000</u>	<u>\$ 8,610,597</u>

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough’s statutory debt limit calculation is reported in the Current Fund for the years 2016 and 2015 as follows:

**Special Emergency Notes**

Following the adoption of an ordinance or resolution for special emergency appropriations, the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

**2016**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2015</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2016</u>
Hurricane Sandy/Master Plan/Reassessment	2.25	4/27/2017	\$ 599,000	\$ 98,000	\$ 599,000	\$ 98,000
Total Special Emergency Notes Payable			<u>\$ 599,000</u>	<u>\$ 98,000</u>	<u>\$ 599,000</u>	<u>\$ 98,000</u>

**2015**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2015</u>
Hurricane Sandy/Master Plan/Reassessment	1.25	7/29/2016	\$ 1,240,000	\$ 599,000	\$ 1,240,000	\$ 599,000
Total Special Emergency Notes Payable			<u>\$ 1,240,000</u>	<u>\$ 599,000</u>	<u>\$ 1,240,000</u>	<u>\$ 599,000</u>

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<b><u>2016</u></b>		
Improvements to Woodland Avenue	\$96,758	2017
Improvements to Lakeview Field	549,841	2017
DPW Yard – Paving and Lighting	55,958	2017
Improvements to Summit Circle	98,801	2017
Improvements to Brandt Street	81,360	2017
<b><u>2015</u></b>		
Rehabilitation of Franklin Street Sewer Pump Station	\$79,900	2016
Improvements to Brandt Street and Woodland Ave.	81,360	2016
Willow Lake Pump Station	89,165	2016
Willow Lake “Tot Park” Phase II	70,700	2016
DPW Roof Replacement	392,633	2016

As of December 31, the Borough has other significant commitments as follows:

<u>Purpose</u>	<u>Remaining Commitment</u>
<b><u>2016</u></b>	
Recondition of Fire Rescue Truck	\$243,692
<b><u>2015</u></b>	
Mack Dump Truck	\$199,193
Generator at Borough Hall	53,278

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 12 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,306,638 and \$1,197,252 at December 31, 2016 and 2015, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2016 and 2015, the Borough has reserved in the Other Trust Fund \$463,476 and \$244,282, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**B. Community Disaster Loan**

On May 14, 2013, the Federal Emergency Management Agency (FEMA), under the provisions of the Community Disaster Loan Act of 2005, approved the Borough's application for a disaster loan in response to the losses incurred as a result of Hurricane Sandy. The State of New Jersey recommended a Community Disaster Loan ("CDL") in the amount of \$2,536,457 for the Borough. The purpose of the loan was to allow the Borough to carry on existing governmental functions and to expand such functions to meet disaster-related needs. The term of the loan is for five years with an interest rate that is based on the five year Treasury rate on the date of the Promissory Note as signed by FEMA. The rate for this loan is undeterminable. The terms of this loan provides for no principal or interest payments for five years from the date of loan proceeds and these deferrals may be further extended by FEMA for an additional five years. However, interest accrues on a simple interest basis from date of receipt of loan proceeds. The loan is collateralized with the Borough's future revenue after provision has been made for payments required in connection with any outstanding bond indebtedness in existence at the time of the CDL loan. The Borough received \$900,000 and \$810,000 in loan proceeds during 2013 and 2014, respectively. In 2015 and 2016, the Borough did not request or receive any loan proceeds. During 2017, the Borough received notification from FEMA that the Borough is eligible to cancel a principal amount of the CDL totaling \$1,582,870 plus accrued interest on the cancelled principal.

**C. Deferred Pension Obligation**

During the year ended December 31, 2009 the Borough elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$353,780 and will be paid back with interest over 15 years beginning in the 2012 year. The Borough is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at December 31, 2016 and 2015 is \$126,754 and \$163,861, respectively.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities**

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the footnotes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2016 and 2015 were as follows:

	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<b><u>2016</u></b>					
Compensated Absences	\$ 1,197,252	\$ 109,386		\$ 1,306,638	
Community Disaster Loan	1,710,000			1,710,000	
Deferred Pension Obligation	163,861		\$ 37,107	126,754	\$ 28,162
Net Pension Liability-PERS	4,621,813	1,682,876	183,606	6,121,083	
Net Pension Liability-PFRS	<u>14,454,585</u>	<u>3,588,818</u>	<u>738,608</u>	<u>17,304,795</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 22,147,511</u>	<u>\$ 5,381,080</u>	<u>\$ 959,321</u>	<u>\$ 26,569,270</u>	<u>\$ 28,162</u>

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2015</u>	
<b><u>2015</u></b>					
Compensated Absences	\$ 1,178,145	\$ 19,107		\$ 1,197,252	
Community Disaster Loan	1,710,000			1,710,000	
Deferred pension Obligation	203,920		\$ 40,059	163,861	\$ 37,107
Net Pension Liability-PERS	4,008,788	790,035	177,010	4,621,813	
Net Pension Liability-PFRS	<u>11,037,438</u>	<u>4,122,542</u>	<u>705,395</u>	<u>14,454,585</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 18,138,291</u>	<u>\$ 4,931,684</u>	<u>\$ 922,464</u>	<u>\$ 22,147,511</u>	<u>\$ 37,107</u>

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS**

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

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

**Other Pension Funds**

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

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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

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

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Basis of Accounting**

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

**Investment Valuation**

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at [www.state.nj/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, which was rolled forward to June 30, 2016, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, local PERS and local PFRS is 45.7 percent with an unfunded actuarial accrued liability of \$50.3 billion. The CPFPPF system is 19.15 percent funded with an unfunded actuarial accrued liability of \$8.0 million. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 40.14 percent and \$29.6 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 52.01 percent and \$20.7 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2015 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.65% for investment rate of return for all the retirement systems except CPFPPF ( 2.85%) and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.



**BOROUGH OF LITTLE FERRY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.06% for PERS and 5.50% for DCRP of employee’s annual compensation for fiscal year 2016.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2016 and 2015 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2016, 2015 and 2014, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2016	\$ 733,286	\$ 251,150	\$ 5,569
2015	718,031	185,671	7,626
2014	641,857 *	176,353 *	6,275

\*During the year ended December 31, 2014, the Borough also contributed an additional \$100,000 each towards the PERS and PFRS deferred pension obligation.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS)**

At December 31, 2016 and 2015, the Borough reported a liability of \$6,121,083 and \$4,621,813, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2016, the Borough’s proportionate share was .020667 percent, which was an increase of .000108 percent from its proportionate share measured as of June 30, 2015 of .020559 percent.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

For the year ended December 31, 2016 and 2015, the pension system has determined the Borough's pension expense to be \$539,207 and \$251,613, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$177,010 and \$176,512, respectively. At December 31, 2016 and 2015, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2016</u>		<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 113,834		\$ 110,260	
Changes of Assumptions	1,267,962		496,346	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	233,402			\$ 74,310
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>12,775</u>	<u>\$ 185,178</u>	<u>-</u>	<u>236,756</u>
Total	<u>\$ 1,627,973</u>	<u>\$ 185,178</u>	<u>\$ 606,606</u>	<u>\$ 311,066</u>

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2017	\$ 314,200
2018	314,200
2019	373,926
2020	325,989
2021	114,480
Thereafter	<u>-</u>
	<u>\$ 1,442,795</u>

**BOROUGH OF LITTLE FERRY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The Borough's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.15-4.40%
Through 2026	1.65-4.15%	Based on Age
Thereafter	2.65-5.15%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

*Discount Rate*

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	3.98%
2015	June 30, 2015	4.90%

**BOROUGH OF LITTLE FERRY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Discount Rate (Continued)*

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

\* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

*Sensitivity of Net Pension Liability*

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2016 and 2015 calculated using the discount rate of 3.98% and 4.90%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98% and 3.90%, respectively) or 1-percentage-point higher (4.98% and 5.90%, respectively) than the current rate:

	<b>1% Decrease <u>(2.98%)</u></b>	<b>Current Discount Rate <u>(3.98%)</u></b>	<b>1% Increase <u>(4.98%)</u></b>
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 7,500,673</u>	<u>\$ 6,121,083</u>	<u>\$ 4,982,112</u>
	<b>1% Decrease <u>(3.90%)</u></b>	<b>Current Discount Rate <u>(4.90%)</u></b>	<b>1% Increase <u>(5.90%)</u></b>
<u>2015</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 5,744,348</u>	<u>\$ 4,621,813</u>	<u>\$ 3,680,688</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2016 and 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

**Public Employees Retirement System (PERS) (Continued)**

*Pension Plan Fiduciary Net Position*

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Police and Firemen's Retirement System (PFRS)**

At December 31, 2016 and 2015, the Borough reported a liability of \$17,304,795 and \$14,454,585, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2016, the Borough's proportionate share was .09059 percent, which was an increase of .00285 percent from its proportionate share measured as of June 30, 2015 of .08774 percent.

For the years ended December 31, 2016 and 2015, the pension system has determined the Borough pension expense to be \$2,046,545 and \$1,346,587, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$705,395 and \$673,938, respectively. At December 31, 2016 and 2015, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2016</u>		<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 113,435		\$ 124,675
Changes of Assumptions	\$ 2,396,856		\$ 2,668,676	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,212,512			251,569
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>826,986</u>	<u>82,407</u>	<u>511,559</u>	<u>105,751</u>
Total	<u>\$ 4,436,354</u>	<u>\$ 195,842</u>	<u>\$ 3,180,235</u>	<u>\$ 481,995</u>

**BOROUGH OF LITTLE FERRY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2017	\$ 1,029,470
2018	1,029,470
2019	1,311,053
2020	776,112
2021	94,407
Thereafter	<u>-</u>
	<u>\$ 4,240,512</u>

**Actuarial Assumptions**

The Borough’s total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.60-9.48%
Through 2026	2.10-8.98%	Based on Age
Thereafter	3.10-9.98%	3.60-10.48%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000
Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.		

The actuarial assumptions used in the July 1, 2015 and July 1, 2014 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	5.55%
2015	June 30, 2015	5.79%



**BOROUGH OF LITTLE FERRY  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Discount Rate (Continued)*

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2050
Municipal Bond Rate *	From July 1, 2050 and Thereafter

\* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2016 and 2015 calculated using the discount rate of 5.55% and 5.79%, respectively, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55% and 4.79%, respectively) or 1-percentage-point higher (6.55% and 6.79%, respectively) than the current rate:

	<b>1% Decrease (4.55%)</b>	<b>Current Discount Rate (5.55%)</b>	<b>1% Increase (6.55%)</b>
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 22,313,264</u>	<u>\$ 17,304,795</u>	<u>\$ 13,220,690</u>
	<b>1% Decrease (4.79%)</b>	<b>Current Discount Rate (5.79%)</b>	<b>1% Increase (6.79%)</b>
<u>2015</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 19,055,732</u>	<u>\$ 14,454,585</u>	<u>\$ 10,702,761</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2016 and 2015. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Police and Firemen's Retirement System (PFRS) (Continued)**

*Special Funding Situation – PFRS*

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,453,174 and \$1,267,619, respectively. For the years ended December 31, 2016 and 2015, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$185,605 and \$158,117, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$55,681 and \$65,986, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

*Pension Plan Fiduciary Net Position*

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**State Health Benefits Program Funds (HBPF) – Local Government** (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

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

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.9 billion for state active and retired members, \$16.8 billion for local active and retired members and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2015 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contribution**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$181.9 million for 10,725 eligible retired members for Fiscal Year 2016. This benefit covers the Police and Firemen's Retirement System.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$48.3 million in Fiscal Year 2016 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2016, 2015 and 2014 were \$546,689, \$503,126 and \$497,137, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2016, 2015 and 2014 were \$17,423, \$16,225 and \$14,666, respectively.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 15 RISK MANAGEMENT**

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

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

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016		\$ 6,471	\$ 21,395	\$ 69,555
2015		6,226	15,455	84,479
2014	\$ 50,000	6,462	36,694	93,699

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 16 CONTINGENT LIABILITIES**

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

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2016 and 2015. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2016 and 2015, the Borough reserved \$252,440 and \$199,919, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**Federal and State Awards** - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2016 and 2015, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 17 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2016 and 2015, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED**

The Borough of Little Ferry Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 8, 2000 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Little Ferry approved the adoption of the Plan at the general election held on November 7, 2000.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 18 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)**

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

The Borough of Little Ferry has contributed \$1,379 and \$1,361 for 2016 and 2015, respectively, for each eligible volunteer fire department and first aid corps member into the Plan. The total Borough contributions were \$99,258 and \$89,819 for 2016 and 2015, respectively.

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

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

The LOSAP is presented in the Borough of Little Ferry's financial statements as a Trust Fund. In accordance with NJAC 5:30-14.26 all amounts awarded under the plan remain the assets of the Borough. Plan Funds are subject to the claims of the Borough's general creditors until distributed to vested plan participants.

**Vesting and Benefits**

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

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

**Reporting Requirements**

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

**NOTE 19 SUBSEQUENT EVENTS**

**Debt Authorized**

On March 21, 2017 the Borough adopted a bond ordinance authorizing the issuance \$858,325 in bonds or bond anticipation notes to fund various road improvements. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 19 SUBSEQUENT EVENTS (Continued)**

**Serial Bonds**

On April 6, 2017, the Borough awarded the sale of improvement bonds for the purpose of funding various capital improvements of the Borough to UBS Financial Services Inc. at an interest rate of 3.000%. These bonds dated April 26, 2017 will mature over 13 years with the first maturity due April 15, 2018.

**Bond Anticipation Notes**

On April 6, 2017, the Borough issued bond anticipation notes in the amount of \$4,285,097 to temporarily finance expenditures related to various capital projects. The Borough awarded the sale of said notes to Jefferies at an interest rate of 2.250%. These notes dated April 26, 2017 will mature on April 26, 2018.

**Special Emergency Notes**

On April 6, 2017, the Borough issued special emergency notes in the amount of \$62,000 to temporarily finance expenditures related to special emergency appropriations. The Borough awarded the sale of said notes to Jefferies at an interest rate of 2.250%. These notes dated April 26, 2017 will mature on April 26, 2018.



**APPENDIX C**

**Form of Approving Legal Opinion of Bond Counsel**

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April 25, 2018

Borough Council of the  
Borough of Little Ferry, in the  
County of Bergen, New Jersey

Dear Council Members:

We have acted as bond counsel to the Borough of Little Ferry, in the County of Bergen, New Jersey (the "Borough") in connection with the issuance by the Borough of the \$4,372,000 Bond Anticipation Note dated the date hereof (the "Note"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction, and have undertaken such research and analyses as we have deemed necessary.

The Note is issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the Borough listed in the Certificate of Determination and Award dated the date hereof, each in all respects duly approved and published as required by law. The Note is a temporary obligation issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Note is a valid and legally binding obligation of the Borough, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Note is issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the Borough without limitation as to rate or amount.

On the date hereof, the Borough has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Note in order to preserve the tax-exempt status of the Note pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. In the event that the Borough continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Borough in the Certificate, it is our opinion that, under existing law, interest on the Note is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Note is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax ("AMT"); however, during tax years beginning before January 1, 2018, interest on the Note held by a corporation (other than an S corporation, regulated investment company or real estate investment trust) may be indirectly subject to federal AMT because of its inclusion in the adjusted current earnings of a corporate holder. We express no opinion regarding other federal tax consequences arising with respect to the Note. Further, in our opinion, based upon existing law, interest on the Note and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,