

OFFICIAL STATEMENT DATED APRIL 6, 2017

NEW ISSUE

**RATINGS: Standard & Poor's: "AA" (Bonds)
Not Rated (Notes)
(See "RATINGS" herein)**

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel to the Borough (as defined herein), pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Obligations (as defined herein) is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. It is also the opinion of Bond Counsel that interest on the Obligations held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. In addition, in the opinion of Bond Counsel, interest on and any gain from the sale of the Obligations are not includable as gross income under the New Jersey Gross Income Tax Act. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact and statements of reasonable expectation made by the Borough in its Tax Certificate (as defined herein), assume continuing compliance by the Borough with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

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

\$3,727,000 GENERAL IMPROVEMENT BONDS, SERIES 2017

**DATED: DATE OF DELIVERY
DUE: APRIL 15,
AS SHOWN ON THE INSIDE FRONT COVER
(CALLABLE)
(BANK-QUALIFIED)**

\$4,347,097 NOTES, SERIES 2017

**Consisting of
\$4,285,097 BOND ANTICIPATION NOTES
AND
\$62,000 SPECIAL EMERGENCY NOTES**

**DATED: DATE OF DELIVERY
DUE: APRIL 26, 2018
(NON-CALLABLE)
(BANK-QUALIFIED)**

The \$3,727,000 General Improvement Bonds, Series 2017 (the "Bonds") and the \$4,347,097 Notes (the "Notes" and together with the Bonds, the "Obligations") consisting of a \$4,285,097 Bond Anticipation Note and a \$62,000 Special Emergency Note are general obligations of the Borough of Little Ferry, in the County of Bergen, New Jersey (the "Borough"), and are secured by a pledge of the full faith and credit of the Borough for payment of the principal thereof and interest thereon. The Obligations are payable, if not paid from other sources, from ad valorem taxes which may be assessed upon all the taxable property within the Township without limitation as to rate or amount.

The Obligations shall be issued in the form of one certificate in the aggregate principal amount of the Notes and each maturity of the Bonds and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Bonds may be in book-entry from only on the records of DTC and its Participants and only in the principal amount of \$1,000 (or any \$1,000 increment thereof). Individual purchases of the beneficial ownership interests in the Notes may be in book-entry from only on the records of DTC and its Participants and only in the principal amount of \$1,000 (or any \$1,000 increment thereof except for one odd denomination of \$97). Beneficial Owners of the Obligations will not receive certificates representing their interests in the Obligations. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Obligations. See "BOOK-ENTRY ONLY SYSTEM" herein.

Principal on the Bonds is payable on April 15, in each of the years set forth on the inside front cover hereof. Interest on the Bonds will be paid semiannually on the 15th day of April and October in each year until maturity or earlier redemption, commencing on October 15, 2017. As long as DTC or its nominee Cede & Co. is the registered owner of the Bonds, payment of the principal and interest on the Bonds will be made by the Township directly to DTC or its nominee Cede & Co. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each April 1st and October 1st ("Record Dates") for the payment of interest on the Bonds.

Principal and interest on the Notes will be payable at maturity on April 26, 2018. Principal and interest on the Notes will be paid to DTC by the Borough and 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. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year.

The Bonds are subject to redemption prior to maturity. The Notes are not subject to redemption prior to their stated maturity. See "PRIOR REDEMPTION" herein.

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 Obligations are offered when, as and if issued and delivered to the Underwriters (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 Obligations. 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 Underwriters on or about April 26, 2017.

UBS Financial Services Inc.
(For the Bonds)

Jefferies
(For the Notes)

\$3,727,000 GENERAL IMPROVEMENT BONDS, SERIES 2017

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIPS*

| <u>Year</u> | <u>Bond Principal</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP*</u> |
|--------------------|----------------------------------|---------------------------------|---------------------|----------------------|
| 2018 | \$247,000 | 3.000% | 0.90% | 537207HN5 |
| 2019 | 265,000 | 3.000% | 1.10% | 537207HP0 |
| 2020 | 200,000 | 3.000% | 1.30% | 537207HQ8 |
| 2021 | 200,000 | 3.000% | 1.50% | 537207HR6 |
| 2022 | 200,000 | 3.000% | 1.70% | 537207HS4 |
| 2023 | 295,000 | 3.000% | 1.90% | 537207HT2 |
| 2024 | 300,000 | 3.000% | 2.00% | 537207HU9 |
| 2025 | 310,000 | 3.000% | 2.15% | 537207HV7 |
| 2026 | 320,000 | 3.000% | 2.25% | 537207HW5 |
| 2027 | 330,000 | 3.000% | 2.35% | 537207HX3 |
| 2028 | 340,000 | 3.000% | 2.45% | 537207HY1 |
| 2029 | 355,000 | 3.000% | 2.55% | 537207HZ8 |
| 2030 | 365,000 | 3.000% | 2.65% | 537207JA1 |

\$4,347,097 NOTES, SERIES 2017

MATURITY, INTEREST RATE, YIELD AND CUSIP*

| <u>Date</u> | <u>Note Principal</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP*</u> |
|--------------------|----------------------------------|---------------------------------|---------------------|----------------------|
| April 26, 2018 | \$4,347,097 | 2.250% | 1.30% | 537207JB9 |

* 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 Numbers are being provided solely for the convenience of holders of the Obligations only at the time of issuance of the Obligations 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 numbers are subject to being changed after the issuance of the Obligations as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Obligations 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 Obligations.

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

MAYOR

Mauro D. Raguseo

BOROUGH COUNCIL

Ronald Anzalone
Roberta Henriquez
Steve Lanum
George Muller
Thomas Sarlo
Peggy Steinhilber

BOROUGH ADMINISTRATOR

Paula Cozzarelli

BOROUGH CLERK

Barbara Maldonado

CHIEF FINANCIAL OFFICER

Lori-Ann Mudry

BOROUGH ATTORNEY

Anthony S. 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 Obligations 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 Underwriters or, as to information from sources other than itself, by the Borough.

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 Obligations 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 Obligations 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 Obligations 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.

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

BOROUGH OF LITTLE FERRY,
IN THE COUNTY OF BERGEN, NEW JERSEY

**\$3,727,000 GENERAL IMPROVEMENT
BONDS, SERIES 2017**

\$4,347,097 NOTES, SERIES 2017
Consisting of
\$4,285,097 BOND ANTICIPATION NOTES
AND
\$62,000 SPECIAL EMERGENCY NOTES

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 \$3,727,000 General Improvement Bonds, Series 2017 (the "Bonds") and \$4,347,097 Notes (the "Notes" and together with the Bonds, the "Obligations") consisting of a \$4,285,097 Bond Anticipation Note and a \$62,000 Special Emergency Note. 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 Obligations 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 BONDS

General Description

The Bonds will be dated and bear interest from their date of delivery and will mature on April 15 in the years and in the principal amounts as set forth on the inside front cover page. Interest on the Bonds is payable on each April 15 and October 15, commencing October 15, 2017 (each, an "Interest Payment Date"), at the respective interest rates set forth on the inside front cover page of this Official Statement. Principal of and interest on the Bonds will be paid to The Depository Trust Company, New York, New York ("DTC") by the Borough, acting as "Bond Registrar/Paying Agent". Interest on the Bonds will be credited to the DTC Participants (as hereinafter defined) as listed on the records of DTC as of the 1st day of the month in which such Interest Payment Date occurs (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity and in the principal amount of such maturity. The Bonds will be issued in book-entry form only. Purchases of the Bonds will be made in book-entry form, in the principal amount of \$1,000 (or any \$1,000 increment thereof). Purchasers will not receive certificates representing their interest in Bonds purchased. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Bond Registrar/Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC, which will remit such payments to the participants of DTC which will in turn remit such payments to the owners of beneficial interests in the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

Authorization and Purpose of the Bonds

The Bonds have been authorized by and are issued pursuant to the laws of the State, including the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), the various bond ordinances of the Borough, as set forth below, and a resolution adopted by the Council of the Borough on March 21, 2017 (the "Resolution").

The Bonds are being issued to (i) currently refund a \$3,727,000 aggregate principal portion of the Borough's \$8,084,356 bond anticipation notes maturing on April 27, 2017 (the "Prior Notes") and (ii) pay costs and expenses incidental to the issuance of the delivery of the Bonds.

| Ordinance Number | Description | Amount |
|--|---|---------------------|
| 1194 | Acquisition of Land | \$ 113,085 |
| 1308 as amended by 1318, 1364 and 1367 and supplemented by 1371 | Traffic Light at Liberty and Washington | 123,086 |
| 1329 | Improvements to Lakeview Park | 57,521 |
| 1337, as reappropriated by 1444 | Sanitary Sewer Lines on Franklin and Eckel | 185,137 |
| 1340 | Repair of Senior Center Roof | 153,313 |
| 1361 | Various Capital Improvement | 663,403 |
| 1373, as reappropriated by 1440 | Various Improvements | 713,915 |
| 1374 | Various Road Improvements | 281,368 |
| 1393 | Generators at Main St. Pump Station & Willow Lake | 267,586 |
| 1394 as amended by 1401 | Various Capital Improvements | 543,693 |
| 1397 | Sanitary Sewer Improvements | 48,625 |
| 1437 | New DPW Roof | 576,268 |
| | | <u>\$ 3,727,000</u> |

THE NOTES

General Description

The Notes are dated and will mature on the maturity date and will bear interest payable at the rate as set forth on the cover and inside front cover pages hereof. The Notes may be purchased in book-entry form in the amount of \$1,000 (or any \$1,000 increment thereof except for one odd denomination of \$97) through book-entries made on the books of 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).

Authorization and Purpose of the Notes

Bond Anticipation Note

The Bond Anticipation Note is authorized by and is issued pursuant to the Local Bond Law, and the various bond ordinances of the Borough set forth below.

The proceeds of the Bond Anticipation Note will be used to (i) currently refund a \$3,012,683 aggregate principal portion of the Prior Notes (together with \$3,727,000 from the proceeds of the Bonds and \$1,344,673 from the budget, cancellations and grant proceeds), (ii) provide \$1,272,414 of new money and (ii) pay the costs associated with the authorization, sale and issuance of the Bond Anticipation Note.

| <u>Ordinance Number</u> | <u>Description</u> | <u>Amount</u> |
|---------------------------------|---|---------------------|
| 1436 | Improvement to Lakeview Field | \$ 3,012,683 |
| 1373, as reappropriated by 1440 | Gazebo and Improvements at Willow Lake Park | 40,964 |
| 1441 as amended by 1462 | Acquisition of a Losen Slote | 39,600 |
| 1337, as reappropriated by 1444 | Sanitary Sewer Improvements | 30,000 |
| 1458 | Various Capital Improvements | 1,040,250 |
| 1461 | Acquisition of Vehicles | <u>121,600</u> |
| | | <u>\$ 4,285,097</u> |

Special Emergency Note

The Special Emergency Note is authorized by and is issued pursuant to the Local Budget Law of the State, N.J.S.A. 40A:4-55 and resolutions of the Borough set forth below.

The proceeds of the Special Emergency Note will be used to (i) currently refund \$62,000 of the Borough's \$98,000 Special Emergency Note maturing on April 27, 2017 (together with \$36,000 from the budget) and (ii) pay for the costs associated with the authorization sale and issuance of the Special Emergency Note.

| <u>Resolution Number</u> | <u>Description</u> | <u>Amount</u> |
|------------------------------|--|------------------|
| 174 | Special Emergency - Preparation of Master Plan | \$ 10,000 |
| 371 | Preparation of a Tax Map for Reassessment | <u>52,000</u> |
| | | <u>\$ 62,000</u> |

PRIOR REDEMPTION

The Bonds maturing on or before April 15, 2025 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after April 15, 2026 are redeemable at the option of the Borough in whole or in part on any date on or after April 15, 2025 at 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

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

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough. Any failure of the securities depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by DTC or any successor securities depository or, if there is no securities depository, by the paying agent.

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

BOOK-ENTRY ONLY SYSTEM

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

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of CEDE & CO. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued in the aggregate principal amount of each series of the Notes and each maturity of the Bonds, 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 and www.dtc.org.

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

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, CEDE & CO., or such other name as may be requested by an authorized representative of DTC. The deposit of the Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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.

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

Neither DTC nor CEDE & CO. (nor any other DTC nominee) will consent or vote with respect to the Obligations 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 Obligations are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Obligations will be made to CEDE & CO., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the 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 Obligations 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, 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 OBLIGATIONS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE OBLIGATIONS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE OBLIGATIONS.

Discontinuation of Book-Entry Only System

If the 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 Obligations 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.

CURRENT FINANCIAL CONDITIONS OVERVIEW AND ONGOING BOROUGH DEVELOPMENT

The Borough demonstrated a 16.9% increase in its surplus from the year ended December 31, 2015 to the year ended December 31, 2016 (Unaudited). A reassessment was completed for tax year 2015 resulting in a significant decrease in appeals. The Borough intends to continue to engage in an annual reassessment program to maintain the valuation of its housing stock. In addition, as of December 31, 2016 (Unaudited) the Borough has \$252,440 in a Reserve for Tax Appeals to fund any ultimate tax appeal liability. In its 2015 budget, the Borough addressed long-term liabilities by paying down the Special Emergency Note issued for Hurricane Sandy expenses and the Pension Deferral at an accelerated rate. Finally, 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 2017 budget includes funding of the Capital Improvement Fund at \$500,000. In 2016 the appropriation was \$500,000 and in 2015, it was \$455,000.

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. When completed in September of 2017, the Lakeview field will include 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 welcomed its first Fortune 500 Company, AutoZone, in late 2016 and, in 2017, will welcome its second, with the addition of 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 Obligations 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 Obligations. 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 Obligations without limitation as to rate or amount.

MARKET PROTECTION

The Borough does not expect to issue any bonds during the remainder of 2017. The Borough may issue additional bond anticipation notes, if needed, during 2017.

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 local 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 "CAP" 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". 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 year's 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 Obligations.

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 six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

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. The Borough engaged in an annual reassessment program for 2016 and shall do so for 2017.

Upon the filing of certified adopted budgets by the Borough's school district 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.

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, 2015 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 S. 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 Obligations, or the levy or the collection of any taxes to pay the principal of or the interest on the Obligations, or in any manner questioning the authority or the proceedings for the issuance of the Obligations 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

Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"), provides that interest on the Obligations is not included in gross income for federal income tax purposes if various requirements set forth in the Code are met. The Borough has covenanted in its Arbitrate and Tax Certificate (the "Tax Certificate"), delivered in connection with the issuance of the Obligations, to comply with these continuing requirements and has made certain representations, certifications of fact and statements of reasonable expectation in connection with the issuance of the Obligations to assure this exclusion. Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Obligations to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Obligations.

In the opinion of Bond Counsel, pursuant to Section 103(a) of Code, interest on the Obligations is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that interest on the Obligations held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. Bond Counsel's opinions described herein are given in reliance on the representations, certifications of fact and statements of reasonable expectation made by the Borough in its Tax Certificate, assume continuing compliance by the Borough with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

Certain Federal Tax Consequences Relating to the Obligations

Although, pursuant to Section 103(a) of the Code, interest on the Obligations is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Obligations may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Obligations, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Obligations.

Bank Qualification

The Obligations **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 one hundred percent (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, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

New Jersey Gross Income

In the opinion of Bond Counsel, the interest on the Obligations and any gain realized on the sale of the Obligations are not includable as gross income under the New Jersey Gross Income Tax Act.

Future Events

Tax legislation, administrative action taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the exclusion from gross income of interest on the Obligations for federal income tax purpose, or the exclusion of interest on and any gain realized on the sale of the Obligations under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions and even proposals for change could adversely affect the market price or marketability of the Obligations.

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

ALL POTENTIAL PURCHASERS OF THE OBLIGATIONS SHOULD CONSULT THEIR OWN ADVISORS REGARDING ANY CHANGES IN THE STATUTES, PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, COURT DECISIONS OR PROPOSALS FOR CHANGE ON THE TAX AND MARKET IMPLICATIONS OF OWNERSHIP OF THE OBLIGATIONS .

SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Obligations are not exempt from the Rule and provided that the Obligations are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Obligations remain outstanding (unless the Obligations have been wholly defeased), the Borough shall provide for the benefit of the holders of the Obligations and the beneficial owners thereof:

(a) On or prior to September 30 of each year, beginning with September 30, 2017 for the fiscal year ending December 31, 2016, in each year in which the obligations mature, to the Municipal Securities Rulemaking Board through the EMMA Data Port ("MSRB") and to the appropriate State information depository ("State Repository"), if any, annual financial information with respect to the Borough consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and

if available) of the Borough and certain financial information and operating data consisting of (i) Borough and overlapping indebtedness including a schedule of outstanding debt issued by the Borough, (ii) the Borough's most current adopted budget, (iii) property valuation information, and (iv) tax rate, levy and collection data. The audited financial information will be prepared in accordance with modified cash accounting as mandated by State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law and shall be filed electronically and accompanied by identifying information with the MSRB.

(b) If any of the following events occur regarding the Obligations, a timely notice not in excess of ten business days after the occurrence of the event sent to EMMA:

- (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 Obligations, or other material events affecting the tax status of the Obligations;
- (7) Modifications to rights of holders of the Obligations, 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 and

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 the Borough in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borough, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borough.

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 Obligations being specifically limited in the undertaking to specific performance of the covenants.

As of the date hereof and for the five year period preceding the date of this Official Statement, according to information provided by Digital Assurance Certification, LLC ("DAC"), the Borough failed to timely file material event notices for underlying and insured rating changes in 2014. However, such

filing was subsequently made by the Borough on October 27, 2014. 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 Obligations. 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 Obligations.

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 Obligations 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 Obligations substantially in the forms 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 Obligations ("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.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("Standard & Poor's") has assigned a rating of "AA/Stable" to the Bonds.

The inclusion of Standard & Poor's "stable outlook" (the "Outlook") has been provided herein for informational purposes only and is *not* a part of the "Rating" described in the preceding paragraph. The Outlook is only Standard & Poor's forward-looking view of the Borough. The Borough has no obligation to treat any change in the Outlook as a "Material Event", as defined and described under the Rule or under the provisions of the Borough's Continuing Disclosure Agreement, or to notify holders of the Obligations as to any changes to the Outlook after the date hereof.

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

UNDERWRITING

The Bonds have been purchased from the Borough at a public sale by UBS Financial Services Inc. (the "Bond Underwriter") at a price of \$3,838,437.30 (consisting of the par amount of the Bonds plus a bid premium of \$111,437.30).

The Notes have been purchased from the Borough at a public sale by Jefferies LLC (the "Note Underwriter" and together with the Bond Underwriter, the "Underwriters") at a price of \$4,380,918.00 (consisting of the par amount of the Notes plus a bid premium of \$33,821.00).

The Underwriters intend to offer the Obligations to the public initially at the offering yields set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriters reserves the right to join with dealers and other underwriters in offering the Obligations to the public. The Underwriter may offer and sell the Obligations to certain dealers (including dealers depositing the Obligations into investment trusts) at yields higher than the public offering yields set forth on the inside front cover page, and such public offering yields may be changed, from time to time, by the Underwriters 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 Underwriters, 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 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 Accountant's Compilation Report and the Independent Auditor's Report appearing in Appendix "B".

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 Mudry, 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 among the Borough, the Underwriters and the holders of any of the Obligations. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Obligations made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Borough (financial or otherwise) 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 Mudry
Lori-Ann Mudry
Chief Financial Officer

Dated: April 6, 2017

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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) Highway 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, 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 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>2015</u> |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Borough | 9,064 | 9,399 | 9,989 | 10,800 | 10,602 | 10,963 |
| County | 897,148 | 845,385 | 825,380 | 884,118 | 896,482 | 938,506 |
| State | 7,171,112 | 7,364,823 | 7,730,188 | 8,414,350 | 8,721,577 | 8,958,013 |

Source: U.S. Census Bureau.

Income as of 2014

| | Median Household <u>Income</u> | Median Family <u>Income</u> | Per Capita <u>Income</u> |
|---------|---|--|-------------------------------------|
| Borough | \$63,810 | \$80,581 | \$33,286 |
| County | 83,686 | 102,429 | 43,194 |
| State | 72,062 | 87,999 | 36,359 |

Source: U.S. Census Bureau, 2010-2014 American Community Survey.

Labor Force, Employment and Unemployment

For the years 2011 to 2015, the New Jersey Department of Labor reported the following annual average employment information for the Borough, the County and the State:

| | Total Labor <u>Force</u> | Employed <u>Labor Force</u> | Total <u>Unemployed</u> | Unemployment <u>Rate</u> |
|----------------|-------------------------------------|--|------------------------------------|-------------------------------------|
| <u>Borough</u> | | | | |
| 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% |
| 2011 | 5,909 | 5,530 | 379 | 6.4% |
| <u>County</u> | | | | |
| 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% |
| 2011 | 479,131 | 441,277 | 37,854 | 7.9% |
| <u>State</u> | | | | |
| 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% |
| 2011 | 4,556,200 | 4,131,800 | 424,400 | 9.3% |

Source: New Jersey Department of Labor

BUDGET INFORMATION

Current Fund (As Adopted)

| | <u>2017 (1)</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Anticipated Revenues | | | | | |
| Fund Balance | \$ 1,700,000 | \$ 1,700,000 | \$ 1,700,000 | \$ 1,500,000 | \$ 1,250,000 |
| Miscellaneous Revenues | 2,072,796 | 2,035,025 | 1,963,815 | 3,245,401 | 3,314,389 |
| Receipts from Delinquent Taxes | 800,000 | 800,000 | 650,000 | 700,000 | 650,000 |
| Amount to be Raised by Taxes for Support of Municipal Budget | <u>12,231,329</u> | <u>12,085,097</u> | <u>11,703,277</u> | <u>10,671,770</u> | <u>10,484,760</u> |
| | <u>\$ 16,804,125</u> | <u>\$ 16,620,122</u> | <u>\$ 16,017,092</u> | <u>\$ 16,117,171</u> | <u>\$ 15,699,149</u> |
| Appropriations | | | | | |
| Salaries and Wages | \$ 5,250,150 | \$ 5,127,253 | \$ 4,960,517 | \$ 5,036,925 | \$ 4,762,832 |
| Other Expenses | 7,246,724 | 7,087,106 | 6,747,007 | 6,804,926 | 6,999,889 |
| Deferred Charges and Statutory Expenditures | 1,199,929 | 1,665,163 | 1,726,668 | 1,839,178 | 1,723,268 |
| Transfer to BOE for Use of Local School | 77,075 | 77,075 | 77,075 | 75,428 | 76,697 |
| Capital Improvement Fund | 500,000 | 500,000 | 455,000 | 250,000 | 125,000 |
| Municipal Debt Service | 1,430,247 | 1,063,525 | 950,825 | 1,010,714 | 911,463 |
| 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>\$ 16,804,125</u> | <u>\$ 16,620,122</u> | <u>\$ 16,017,092</u> | <u>\$ 16,117,171</u> | <u>\$ 15,699,149</u> |

(1) Budget as introduced.

Source: Borough Adopted Budgets and 2017 Introduced 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> | |
|------------------|-------------------------------------|--|-----|
| 2016 (Unaudited) | \$2,703,694 | \$1,700,000 | (1) |
| 2015 | 2,312,703 | 1,700,000 | |
| 2014 | 1,983,760 | 1,700,000 | |
| 2013 | 1,802,856 | 1,500,000 | |
| 2012 | 1,594,448 | 1,250,000 | |

(1) Budget as introduced.

Source: Borough Annual Audit Reports and 2016 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> |
| 2016 (Unaudited) | \$ 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% |
| 2012 | 29,793,100 | 29,049,019 | 97.50% |

Source: Borough Annual Audit Reports and 2016 Annual Financial Statement.

Delinquent Taxes and Tax Title Liens

| <u>Year</u> | <u>Amount of</u> <u>Delinquent</u> <u>Taxes</u> | <u>Percentage of</u> <u>Levy</u> |
|------------------|---|-------------------------------------|
| | | |
| 2016 (Unaudited) | \$839,000 | 2.53% |
| 2015 | 819,886 | 2.54% |
| 2014 | 682,116 | 2.19% |
| 2013 | 733,436 | 2.41% |
| 2012 | 733,634 | 2.46% |

Source: Borough Annual Audit Reports and 2016 Annual Financial Statement.

Assessed Valuation of Property Owned by the Borough Acquired for Taxes

| <u>Year</u> | <u>Amount</u> |
|------------------|---------------|
| 2016 (Unaudited) | \$1,062,000 |
| 2015 | 1,062,600 |
| 2014 | 1,062,600 |
| 2013 | 1,062,600 |
| 2012 | 1,062,600 |

Source: Borough Annual Audit Reports and 2016 Annual Financial Statement.

Ten Largest Taxpayers

The ten largest taxpayers in the Borough and their 2016 assessed valuations are listed below:

| <u>Taxpayer</u> | <u>Assessment</u> | <u>% of Total Assessed Valuation</u> |
|----------------------------------|-----------------------|--------------------------------------|
| LFP Meadowlands LLC | \$28,507,000 | 2.42% |
| Waterside Plaza Apts. Associates | 27,777,200 | 2.35% |
| Liberty Bell Village | 21,166,900 | 1.79% |
| North Village II LLC NJ | 15,219,100 | 1.29% |
| 250 Little Ferry TL LLC | 12,500,000 | 1.06% |
| Gates Realty Corp. | 10,851,100 | 0.92% |
| North Village I LLC NJ | 10,124,400 | 0.86% |
| Gates Bros | 8,054,800 | 0.68% |
| Capri Little Ferry LLC | 7,800,000 | 0.66% |
| Williamstowne Manor | 7,164,200 | 0.61% |
| Total | \$ 149,164,700 | 12.64% |

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 | N/A | N/A |
| 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> ⁽¹⁾ |
|-------------|--------------|------------------|---------------------|------------------------------|
| 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 |
| 2012 | 2.470 | 0.856 | 1.396 | 0.218 |

⁽¹⁾ Includes County Open Space

^(A) Borough underwent a Reassessment effective January , 2015

Source: Tax Collector.

Apportionment of Tax Levy
(Including School and County Purposes)

| <u>Year</u> | <u>Total</u> | <u>Municipal</u> | <u>County</u> ⁽¹⁾ | <u>Local School</u> |
|------------------|---------------|------------------|------------------------------|---------------------|
| 2016 (Unaudited) | \$ 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 |
| 2012 | 29,793,100 | 10,344,170 | 2,613,915 | 16,835,015 |

⁽¹⁾ Includes County Open Space

Source: Tax Collector and 2016 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, 2016 (Unaudited)

| | |
|--|------------------|
| Municipal | |
| Equalized Valuation Basis (last 3 years average) | \$ 1,043,577,675 |
| 3 1/2% Borrowing Margin | 36,525,219 |
| Net Debt Issued, Outstanding and Authorized | 17,337,550 |
| Remaining Municipal Borrowing Capacity | 19,187,669 |
| Local School | |
| 3% Borrowing Margin | 31,307,330 |
| Debt Issued, Outstanding and Authorized | - |
| Remaining School Borrowing Capacity | 31,307,330 |

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> |
| 2016 (Unaudited) | \$ 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% |
| 2012 | 12,262,565 | 11,620,935 | 0.91% |

Source: Borough Annual Audit Reports and 2016 Annual Debt Statement.

Statement of Indebtedness
As of December 31, 2016 (Unaudited)

GENERAL PURPOSES

| | |
|---|------------------|
| Bonds Issued and Outstanding | \$ 5,805,000 |
| Bond Anticipation Notes | 8,084,356 |
| Loans | 191,897 |
| Bonds and Notes Authorized But Not Issued | <u>4,409,574</u> |

TOTAL GROSS DEBT \$ 18,490,827

STATUTORY DEDUCTIONS

| | |
|-------------------|------------------|
| Municipal Purpose | <u>1,153,277</u> |
|-------------------|------------------|

TOTAL NET DEBT \$ 17,337,550

OVERLAPPING DEBT

| | |
|--|------------------|
| County of Bergen (Note 1) | \$ 6,037,375 |
| Bergen County Utilities Authority (Note 2) | <u>3,599,879</u> |

TOTAL OVERLAPPING DEBT \$ 9,637,254

GROSS DEBT

| | |
|---|----------|
| Per Capita (2015 Census - 10,963) | \$ 1,687 |
| Percent of Net Valuation Taxable (2016 - \$986,739,330) | 1.87% |
| Percent of Estimated True Value of Real Property (2016 - \$1,009,849,035) | 1.83% |

NET MUNICIPAL DEBT

| | |
|---|----------|
| Per Capita (2015 Census - 10,963) | \$ 1,581 |
| Percent of Net Valuation Taxable (2016 - \$986,739,330) | 1.76% |
| Percent of Estimated True Value of Real Property (2016 - \$1,009,849,035) | 1.72% |

OVERALL DEBT (Gross and Overlapping Debt)

| | |
|---|----------|
| Per Capita (2015 Census - 10,963) | \$ 2,566 |
| Percent of Net Valuation Taxable (2016 - \$986,739,330) | 2.85% |
| Percent of Estimated True Value of Real Property (2016 - \$1,009,849,035) | 2.79% |

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 2015 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

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

Source: Borough 2016 Annual Debt Statement.

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APPENDIX B

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

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LERCH, VINCI & HIGGINS, LLP

**CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS**

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA

ACCOUNTANT'S COMPILATION REPORT

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

We have compiled 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 the related statements of operations and changes in fund balances – regulatory basis for the year then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2016. We have not audited or reviewed the accompanying financial statements – regulatory basis and accordingly, do not express such an opinion or provide any assurance about whether the financial statements are in accordance with the regulatory basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the regulatory basis of accounting and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

By/s/

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

Fair Lawn, New Jersey
March 21, 2017

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



LERCH, VINCI & HIGGINS, LLP

**CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS**

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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
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 financial statements - regulatory basis of the various funds and account group of the Borough of Little Ferry, as of December 31, 2015 and 2014, and the related statements of operations and changes in fund balance - regulatory and 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 principles 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. 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 of material misstatement.

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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 principles 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, 2015 and 2014, or changes in financial position, or, where applicable, cash flows 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, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 52 percent and 56 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2015 and 2014.

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, 2015 and 2014, and the results of operations and changes in fund balance – regulatory basis of such funds for and 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 principles 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 20, 2016 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 20, 2016

BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

| ASSETS | <u>2016</u> (Unaudited) | <u>2015</u> | <u>2014</u> |
|---|----------------------------|----------------------|----------------------|
| Cash | \$ 8,902,507 | \$ 8,260,863 | \$ 7,655,392 |
| Grants Receivable | 417,824 | 467,311 | 83,092 |
| Due from State - Sr.Citizens/Veterans Deductions | <u>138</u> | <u>-</u> | <u>-</u> |
| | <u>9,320,469</u> | <u>8,728,174</u> | <u>7,738,484</u> |
| Receivables and Other Assets with Full Reserves | | | |
| Delinquent Property Taxes Receivable | 839,000 | 819,886 | 682,116 |
| Property Acquired for Taxes - Assessed Valuation | 1,062,600 | 1,062,600 | 1,062,600 |
| Revenue Accounts Receivable | - | 13,297 | 20,074 |
| Due from General Capital Fund | 184 | 221 | 7,565 |
| Due from Animal Control Fund | <u>-</u> | <u>777</u> | <u>2,222</u> |
| | <u>1,901,784</u> | <u>1,896,781</u> | <u>1,774,577</u> |
| Deferred Charges | | | |
| Overexpenditures of Appropriations | | | 4,710 |
| Special Emergency Authorization | <u>98,000</u> | <u>599,000</u> | <u>1,240,000</u> |
| | <u>98,000</u> | <u>599,000</u> | <u>1,244,710</u> |
| Total Assets | <u>\$ 11,320,253</u> | <u>\$ 11,223,955</u> | <u>\$ 10,757,771</u> |

BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

| | <u>2016</u> (Unaudited) | <u>2015</u> | <u>2014</u> |
|--|----------------------------|----------------------|----------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| Liabilities | | | |
| Appropriation Reserves | \$ 1,456,061 | \$ 1,641,058 | \$ 1,570,150 |
| Encumbrances Payable | 403,951 | 403,537 | 500,438 |
| Accounts Payable | 69,900 | 61,080 | 50,197 |
| Due to State - Senior Citizens and Veterans | | 4,112 | 4,612 |
| Miscellaneous Deposits and Reserves | 31,338 | 103,173 | 120,799 |
| Due to State- Marriage Licenses | 395 | 395 | 900 |
| Due to State- DCA Training Fees Payable | 716 | 716 | 3,609 |
| Local School District Taxes Payable | 2,811,703 | 2,629,449 | 2,383,173 |
| County Taxes Payable | 2,726 | | |
| Prepaid Taxes | 707,340 | 651,263 | 541,122 |
| Reserve for Tax Appeals | 252,440 | 199,919 | 300,000 |
| Reserve for Grants Appropriated | 298,753 | 356,087 | 75,577 |
| Reserve for Grants - Unappropriated | | 2,605 | 14,666 |
| Special Emergency Note Payable | 98,000 | 599,000 | 1,240,000 |
| Tax Overpayments | 118,011 | 27,900 | |
| Due to Length of Service Awards Program (LOSAP) Trust Fund | | 89,819 | 74,850 |
| Due to Other Trust Fund | 463,441 | 244,358 | 119,341 |
| | <u>6,714,775</u> | <u>7,014,471</u> | <u>6,999,434</u> |
| Reserve for Receivables | 1,901,784 | 1,896,781 | 1,774,577 |
| Fund Balance | <u>2,703,694</u> | <u>2,312,703</u> | <u>1,983,760</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 11,320,253</u> | <u>\$ 11,223,955</u> | <u>\$ 10,757,771</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 (UNAUDITED), 2015 AND 2014

| | <u>2016</u> (Unaudited) | <u>2015</u> | <u>2014</u> |
|---|----------------------------|---------------------|---------------------|
| REVENUE AND OTHER INCOME REALIZED | | | |
| Fund Balance Utilized | \$ 1,700,000 | \$ 1,700,000 | \$ 1,500,000 |
| Miscellaneous Revenue Anticipated | 2,238,936 | 2,526,516 | 3,523,347 |
| Receipts from Delinquent Taxes | 814,720 | 682,116 | 733,936 |
| Receipts from Current Taxes | 32,159,887 | 31,485,519 | 30,094,787 |
| Non-Budget Revenue | 368,208 | 245,385 | 245,856 |
| Other Credits to Income | | | |
| Statutory Excess - Animal Control | | 777 | 2,222 |
| Interfunds Returned | 814 | 9,566 | 342 |
| Grant Reserves Cancelled | | | 7,363 |
| Cancel Balance of Miscellaneous Reserve | 71,835 | 2,054 | |
| Unexpended Balance of Appropriation Reserves | <u>1,292,442</u> | <u>1,339,288</u> | <u>1,270,160</u> |
| Total Revenues | <u>38,646,842</u> | <u>37,991,221</u> | <u>37,378,013</u> |
| EXPENDITURES | | | |
| Budget and Emergency Appropriations | | | |
| Operations | | | |
| Salaries and Wages | 5,137,208 | 4,961,317 | 5,042,125 |
| Other Expenses | 7,052,591 | 7,198,291 | 7,038,493 |
| Deferred Charges and Statutory | | | |
| Expenditures - Municipal | 1,726,498 | 1,726,868 | 1,843,880 |
| Capital Improvements | 500,000 | 455,000 | 250,000 |
| Municipal Debt Service | 1,063,184 | 949,190 | 1,010,714 |
| Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3) | 77,075 | 77,075 | 75,428 |
| County Taxes Payable | 2,471,967 | 2,442,617 | 2,752,727 |
| Due County for Added and Omitted Taxes | 2,726 | 1,770 | 1,125 |
| Local District School Taxes Payable | 18,512,051 | 18,147,559 | 17,656,650 |
| Prior Year Tax Appeals Refunds | | - | 149,249 |
| Establish Reserve for Interfunds | | 777 | 9,787 |
| Prior Year Senior Citizen Deduction Disallowed | | - | 500 |
| Refund Prior Year Revenue | <u>12,551</u> | <u>1,814</u> | <u>1,141</u> |
| Total Expenditures | <u>36,555,851</u> | <u>35,962,278</u> | <u>35,831,819</u> |
| Excess in Revenue | 2,090,991 | 2,028,943 | 1,546,194 |
| Adjustments to Income Before Fund Balances | | | |
| Expenditures Included Above Which by Statute are Deferred Charges to Succeeding Year's Budget | <u>-</u> | <u>-</u> | <u>134,710</u> |
| Statutory Excess to Fund Balance | 2,090,991 | 2,028,943 | 1,680,904 |
| Fund Balance, January 1 | <u>2,312,703</u> | <u>1,983,760</u> | <u>1,802,856</u> |
| | 4,403,694 | 4,012,703 | 3,483,760 |
| Decreased by: | | | |
| Utilization as Anticipated Revenue | <u>1,700,000</u> | <u>1,700,000</u> | <u>1,500,000</u> |
| Fund Balance, December 31 | <u>\$ 2,703,694</u> | <u>\$ 2,312,703</u> | <u>\$ 1,983,760</u> |

BOROUGH OF LITTLE FERRY
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

| | <u>2016 (Unaudited)</u> | | <u>2015</u> | | <u>2014</u> | |
|---|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>Budget After</u> | <u>Actual</u> | <u>Budget After</u> | <u>Actual</u> | <u>Budget After</u> | <u>Actual</u> |
| | <u>Modification</u> | | <u>Modification</u> | | <u>Modification</u> | |
| FUND BALANCE ANTICIPATED | <u>\$ 1,700,000</u> | <u>\$ 1,700,000</u> | <u>\$ 1,700,000</u> | <u>\$ 1,700,000</u> | <u>\$ 1,500,000</u> | <u>\$ 1,500,000</u> |
| MISCELLANEOUS REVENUES | | | | | | |
| Licenses | | | | | | |
| Alcoholic Beverages | 35,300 | 36,126 | 35,300 | 35,876 | 35,300 | 35,376 |
| Other | 53,000 | 62,977 | 60,000 | 53,905 | 46,200 | 60,147 |
| Fees and Permits | 17,000 | 19,772 | 17,000 | 20,418 | 14,900 | 17,601 |
| Fines and Costs | | | | | | |
| Municipal Court | 202,000 | 191,868 | 210,000 | 202,451 | 190,000 | 233,554 |
| Interest and Costs on Taxes | 180,000 | 211,075 | 180,000 | 180,693 | 120,000 | 198,226 |
| Energy Receipts Tax | 868,369 | 868,369 | 868,369 | 868,369 | 853,740 | 853,740 |
| Consolidated Municipal Property Tax Relief Act | 69,980 | 69,980 | 69,980 | 69,980 | 84,609 | 84,609 |
| Uniform Fire Safety Act | 18,000 | 34,295 | 24,000 | 18,848 | 37,500 | 35,897 |
| Uniform Construction Code Fees | 150,000 | 235,855 | 150,000 | 259,128 | 100,000 | 173,376 |
| State and Federal Revenues Offset with | | | | | | |
| Appropriations | | | | | | |
| Body Armor Grant - Unappropriated | 5,190 | 5,190 | | | 3,240 | 3,240 |
| Clean Communities | 20,859 | 20,859 | 18,249 | 18,249 | 15,009 | 15,009 |
| Municipal Recycling Assistance- Unappropriated | 10,727 | 10,727 | 12,057 | 12,057 | 13,733 | 13,733 |
| Drink Driving Enforcement Fund- Unappropriated | | | 2,609 | 2,609 | 6,179 | 6,179 |
| Contaminated Sites - Data & Action | | | | | 30,000 | 30,000 |
| Permit & Appl. Process/Quality Improvements | | | | | 24,500 | 24,500 |
| Riser Feasibility Study | | | | | 16,000 | 16,000 |
| Sreetscape Design | | | | | 22,000 | 22,000 |
| C.E.R.T Trailer Grant | | | | | 1,250 | 1,250 |
| 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 | 17,500 | 17,500 |
| Hotel Tax | 59,000 | 68,234 | 59,000 | 69,204 | 59,000 | 68,048 |
| Cell Tower Rents | 38,000 | 42,842 | 38,000 | 41,194 | 33,500 | 39,610 |
| Summer Recreation | 52,000 | 66,391 | | | | |
| FEMA/Insurance Reimbursement-Superstorm Sandy | | | | | 600,000 | 541,752 |
| Federal Community Disaster Loan Proceeds | | | | | 810,000 | 810,000 |
| Shared Service Agreement - Bogota Court | 55,000 | 57,000 | 55,000 | 57,000 | 55,000 | 57,000 |
| Shared Service Agreement - Tenaflly-Registrar | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Shared Service Agreement - School Resources Officer | 45,000 | 45,000 | | | | |
| Interlocal Agreement - BCUA | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| Total Miscellaneous Revenues | <u>2,071,801</u> | <u>2,238,936</u> | <u>2,416,099</u> | <u>2,526,516</u> | <u>3,354,160</u> | <u>3,523,347</u> |
| RECEIPTS FROM DELINQUENT TAXES | <u>800,000</u> | <u>814,720</u> | <u>650,000</u> | <u>682,116</u> | <u>700,000</u> | <u>733,936</u> |
| AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET | | | | | | |
| Local Tax For Municipal Purposes | 11,743,655 | 11,931,701 | 11,340,864 | 11,631,160 | 10,270,864 | 10,383,379 |
| Minimum Library Tax | 341,442 | 341,442 | 362,413 | 362,413 | 400,906 | 400,906 |
| Total Amount to be Raised by Taxes for Support of Municipal Budget | <u>12,085,097</u> | <u>12,273,143</u> | <u>11,703,277</u> | <u>11,993,573</u> | <u>10,671,770</u> | <u>10,784,285</u> |
| Total General Revenues | <u>\$ 16,656,898</u> | <u>\$ 17,026,799</u> | <u>\$ 16,469,376</u> | <u>\$ 16,902,205</u> | <u>\$ 16,225,930</u> | <u>\$ 16,541,568</u> |

The Accompanying Notes are an Integral Part of these Financial Statements

2016 STATEMENT OF EXPENDITURES
(UNAUDITED)

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

| | <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 - 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 (UNAUDITED)

| | <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 - 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, 2016 (UNAUDITED)

| | <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 - 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 | - |
| Total Operations Within "CAPS" | 10,046,717 | 9,976,981 | 8,655,880 | 1,321,101 | - |
| 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 | - |
| Total Deferred Charges & Statutory | | | | | |
| Expenditures - Municipal within "CAPS" | 1,127,519 | 1,188,855 | 1,180,603 | 8,251 | 1 |
| Total General Appropriations for Municipal | | | | | |
| Purposes Within "CAPS" | 11,174,236 | 11,165,836 | 9,836,483 | 1,329,352 | 1 |

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

| | <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>-</u> | <u>103,500</u> | <u>-</u> |
| Total Other Operations Excluded from "CAPS" | <u>1,892,766</u> | <u>1,901,166</u> | <u>1,780,419</u> | <u>120,747</u> | <u>-</u> |
| Interlocal Municipal Services Agreement | | | | | |
| Bergen County Utilities Authority | | | | | |
| Salaries & Wages | 150,000 | 150,000 | 150,000 | | |
| Tenaflly 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 | | |
| Drunk Driving Enforcement Grant | | | | | |
| Municipal Recycling Tonnage | | 10,727 | 10,727 | | |
| Municipal Alliance | 9,876 | 9,876 | 9,876 | | |
| Alcohol Education & Rehabilitation | | | | | |
| 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>2,086,109</u> | <u>126,709</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>1,831,109</u> | <u>121,709</u> | <u>-</u> |

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

| | <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> | <u>-</u> | <u>-</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 | <u>31,475</u> | <u>31,475</u> | <u>31,475</u> | <u>-</u> | <u>-</u> |
| Total Municipal Debt Service Excluded from "CAPS" | <u>1,063,525</u> | <u>1,063,525</u> | <u>1,063,184</u> | <u>-</u> | <u>341</u> |
| DEFERRED CHARGES - Excluded from CAPS | | | | | |
| Special Emergency (5 years) | 501,000 | 501,000 | 501,000 | - | |
| Cancelled Capital Grant Receivable | <u>36,644</u> | <u>36,644</u> | <u>36,644</u> | <u>-</u> | <u>-</u> |
| Total Deferred Charges- Excluded from "CAPS" | <u>537,644</u> | <u>537,644</u> | <u>537,644</u> | <u>-</u> | <u>-</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> | <u>-</u> | <u>-</u> |
| Total General Appropriations Excluded from "CAPS" | <u>4,345,886</u> | <u>4,391,062</u> | <u>4,264,012</u> | <u>\$ 126,709</u> | <u>341</u> |
| Subtotal General Appropriations | 15,520,122 | 15,556,898 | 14,100,495 | 1,456,061 | 342 |
| Reserve for Uncollected Taxes | <u>1,100,000</u> | <u>1,100,000</u> | <u>1,100,000</u> | <u>-</u> | <u>-</u> |
| Total General Appropriations | <u>16,620,122</u> | <u>16,656,898</u> | <u>15,200,495</u> | <u>1,456,061</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>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</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 | 20,000 | 20,000 | 20,000 | | |
| 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>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</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>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Cancelled</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 | - |
| Total Operations Within "CAPS" | 9,587,263 | 9,581,508 | 8,009,225 | 1,572,283 | - |
| 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 | - |
| Total Deferred Charges & Statutory | | | | | |
| Expenditures - Municipal within "CAPS" | 1,080,958 | 1,081,158 | 1,076,570 | 4,588 | - |
| Total General Appropriations for Municipal | | | | | |
| Purposes Within "CAPS" | 10,668,221 | 10,662,666 | 9,085,795 | 1,576,871 | - |

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> | <u>-</u> | <u>-</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> | <u>-</u> | <u>-</u> |
| Total Municipal Debt Service Excluded from "CAPS" | <u>950,825</u> | <u>950,825</u> | <u>949,190</u> | <u>-</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> | <u>-</u> | <u>-</u> |
| Total Deferred Charges- Excluded from "CAPS" | <u>645,710</u> | <u>645,710</u> | <u>645,710</u> | <u>-</u> | <u>-</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> | <u>-</u> | <u>-</u> |
| Total General Appropriations Excluded from "CAPS" | <u>4,248,871</u> | <u>4,706,710</u> | <u>4,640,888</u> | <u>\$ 64,187</u> | <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> | <u>-</u> | <u>-</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> | | | |

2014 STATEMENT OF EXPENDITURES

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>2014 Appropriations</u> | | <u>2014 Expended</u> | | |
|--|----------------------------|--------------------------------------|----------------------------|-----------------|---------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Overexpended</u> |
| OPERATIONS - WITHIN "CAPS" | | | | | |
| GENERAL GOVERNMENT | | | | | |
| General Administration | | | | | |
| Salaries & Wages | \$ 114,250 | \$ 114,250 | \$ 103,258 | \$ 10,992 | |
| Other Expenses - Postage | 16,000 | 18,600 | 18,446 | 154 | |
| Other Expenses - Miscellaneous | 61,474 | 61,474 | 45,871 | 15,603 | |
| CDL Drug Testing | 650 | 650 | 134 | 516 | |
| Mayor & Council | | | | | |
| Salaries & Wages | 35,950 | 35,950 | 35,950 | - | |
| Other Expenses | 6,880 | 6,880 | 3,324 | 3,556 | |
| Municipal Clerk | | | | | |
| Salaries & Wages | 63,362 | 63,362 | 61,817 | 1,545 | |
| Other Expenses | 12,375 | 18,375 | 12,521 | 5,854 | |
| Other Expenses - Elections | 8,250 | 8,250 | 7,525 | 725 | |
| Financial Administration (Treasury) | | | | | |
| Salaries & Wages | 95,883 | 95,883 | 83,390 | 12,493 | |
| Other Expenses | 32,400 | 32,400 | 32,052 | 348 | |
| Audit Services | | | | | |
| Other Expenses | 40,000 | 41,500 | 41,500 | | |
| Revenue Administration (Tax Collection) | | | | | |
| Salaries & Wages | 51,543 | 51,543 | 50,333 | 1,210 | |
| Other Expenses | 21,150 | 18,150 | 11,241 | 6,909 | |
| Assessment of Taxes | | | | | |
| Salaries & Wages | 22,294 | 22,294 | 17,220 | 5,074 | |
| Other Expenses | 53,225 | 53,225 | 50,966 | 2,259 | |
| Special Emergency- Borough-wide Reassessment of Property | | 130,000 | 117,710 | 12,290 | |
| Legal Services & Costs | | | | | |
| Other Expenses - Fees and Costs | 93,000 | 93,310 | 87,031 | 6,279 | |
| Engineering Services & Costs | | | | | |
| Other Expenses | 30,000 | 13,840 | 7,089 | 6,751 | |
| Historic Society | | | | | |
| Other Expenses | 100 | 100 | | 100 | |
| Planning Board/ Zoning Board | | | | | |
| Salaries & Wages | 8,804 | 8,804 | 7,782 | 1,022 | |
| Other Expenses | 17,200 | 17,200 | 10,641 | 6,559 | |
| Insurance | | | | | |
| Unemployment | 50,000 | 50,000 | 50,000 | | |
| General Liability | 448,875 | 448,875 | 431,330 | 17,545 | |
| Employee Group Health | 1,702,979 | 1,702,979 | 1,250,073 | 452,906 | |
| PUBLIC SAFETY | | | | | |
| Aid to Volunteer Ambulance First Aid Squad | 20,000 | 20,000 | 20,000 | | |
| Fire | | | | | |
| Salaries & Wages | 8,775 | 8,775 | 8,350 | 425 | |
| Salaries & Wages - Uniform Fire Safety | 18,494 | 20,194 | 20,194 | - | |
| Other Expenses - Clothing Allowance | 57,000 | 57,000 | 5,850 | 51,150 | |
| Other Expenses - Miscellaneous | 34,100 | 34,100 | 29,776 | 4,324 | |
| Other Expenses - Uniform Fire Safety | 17,750 | 17,750 | 13,889 | 3,861 | |
| Other Expenses - Fire Hydrant Services | 100,000 | 100,000 | 99,999 | 1 | |

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>2014 Appropriations</u> | | <u>2014 Expended</u> | | |
|--|----------------------------|--------------------------------------|----------------------------|-----------------|---------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Overexpended</u> |
| OPERATIONS - WITHIN "CAPS" (Cont'd) | | | | | |
| PUBLIC SAFETY (Cont'd) | | | | | |
| Police | | | | | |
| Salaries & Wages | \$ 3,314,673 | \$ 3,314,673 | \$ 2,940,178 | \$ 374,495 | |
| Other Expenses - Miscellaneous | 119,100 | 119,100 | 86,362 | 32,738 | |
| Municipal Prosecutor's Office | | | | | |
| Salaries & Wages | 5,778 | 5,778 | 2,678 | 3,100 | |
| Office of Emergency Management | | | | | |
| Other Expenses | 47,500 | 47,500 | 16,691 | 30,809 | |
| PUBLIC WORKS | | | | | |
| Streets & Roads Maintenance | | | | | |
| Salaries & Wages | 868,454 | 868,454 | 809,073 | 59,381 | |
| Other Expenses | 99,200 | 99,200 | 91,153 | 8,047 | |
| Other Public Works Functions | | | | | |
| Other Expenses - Sewer System | 61,600 | 61,600 | 9,150 | 52,450 | |
| Other Expenses - Drainage | 58,000 | 58,000 | 27,154 | 30,846 | |
| Other Expenses- Beautification Comm. | 100 | 1,100 | 1,055 | 45 | |
| Waste Collection | | | | | |
| Other Expenses | 202,666 | 202,666 | 120,998 | 81,668 | |
| Buildings and Grounds | | | | | |
| Salaries & Wages | 16,000 | 16,000 | 10,589 | 5,411 | |
| Other Expenses | 80,200 | 80,200 | 60,442 | 19,758 | |
| Other Expenses - Environmental Testing | 500 | 1,850 | 1,850 | - | |
| Vehicle Maintenance | | | | | |
| Other Expenses | 74,000 | 74,000 | 44,885 | 29,115 | |
| HEALTH AND HUMAN SERVICES | | | | | |
| Board of Health | | | | | |
| Salaries & Wages | 7,354 | 7,354 | 7,140 | 214 | |
| Other Expenses | 62,500 | 62,500 | 52,634 | 9,866 | |
| PARK AND RECREATION FUNCTIONS | | | | | |
| Recreation Services and Programs | | | | | |
| Salaries & Wages | 9,000 | 9,000 | 9,000 | - | |
| Other Expenses | 23,650 | 23,650 | 22,609 | 1,041 | |
| Maintenance of Parks and Playgrounds | | | | | |
| Other Expenses | 14,400 | 14,400 | 13,705 | 695 | |
| OTHER COMMON OPERATING FUNCTIONS | | | | | |
| Salary & Wage Adjustment | 30,000 | 33,500 | 26,399 | 7,101 | |
| Senior Citizen Program | | | | | |
| Other Expenses | 7,100 | 7,100 | 3,062 | 4,038 | |
| Senior Citizen / Community Busing | | | | | |
| Salaries & Wages | 6,500 | 6,500 | 5,171 | 1,329 | |
| Municipal Court | | | | | |
| Salaries and Wages | 43,786 | 43,786 | 40,314 | 3,472 | |
| Other Expenses | 13,750 | 13,750 | 8,995 | 4,755 | |
| Public Defender (P.L. 1997, C.256) | | | | | |
| Salaries and Wages | 2,100 | 2,100 | 1,680 | 420 | |

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>2014 Appropriations</u> | | <u>2014 Expended</u> | | |
|--|----------------------------|--------------------------------------|----------------------------|-----------------|---------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Overexpended</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 | \$ 98,925 | \$ 98,925 | \$ 92,226 | \$ 6,699 | |
| Other Expenses | 20,450 | 20,450 | 3,953 | 16,497 | |
| 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 | 180,469 | 34,531 | |
| Street Lighting | 130,000 | 130,000 | 117,192 | 12,808 | |
| Telephone | 40,000 | 40,000 | 31,967 | 8,033 | |
| Water | 13,000 | 14,200 | 14,208 | | \$ 8 |
| Gasoline | 140,000 | 140,000 | 125,895 | 14,105 | |
| LANDFILL/SOLID WASTE DISPOSAL COSTS | | | | | |
| Garbage - Tipping Fees | 290,500 | 290,500 | 259,890 | 30,610 | |
| Recycling - Leaf Disposal | 55,000 | 55,000 | 55,000 | - | - |
| Total Operations Within "CAPS" | 9,413,699 | 9,543,699 | 8,029,029 | 1,514,678 | 8 |
| Detail: | | | | | |
| Salaries & Wages | 4,821,925 | 4,827,125 | 4,332,742 | 494,383 | - |
| Other Expenses | 4,591,774 | 4,716,574 | 3,696,287 | 1,020,295 | 8 |
| DEFERRED CHARGES / REGULATORY | | | | | |
| EXPENDITURES - MUNICIPAL WITHIN "CAPS" | | | | | |
| Deferred Charges | | | | | |
| Prior Year Bills | | | | | |
| Nature's Choice | 505 | 505 | 505 | | |
| Delgado Interpreter Services | 3,790 | 3,790 | 3,790 | | |
| United Water | 1,736 | 1,736 | 1,736 | | |
| Statutory Charges | | | | | |
| Social Security System (O.A.S.I.) | 183,000 | 183,000 | 187,702 | | 4,702 |
| Public Employees Retirement System | 176,353 | 176,353 | 176,353 | | |
| Public Employees Retirement System- Deferral Paydown | 100,000 | 100,000 | 100,000 | | |
| Consolidated Police & Fire Retirement System | 100 | 100 | | 100 | |
| Police & Firemens' Retirement | 641,857 | 641,857 | 641,857 | | |
| Police & Firemens' Retirement- Deferral Paydown | 100,000 | 100,000 | 100,000 | | |
| Pension Adjustment Fund | 100 | 100 | | 100 | |
| Defined Contribution Retirement Program | 7,500 | 7,500 | 6,275 | 1,225 | - |
| Total Deferred Charges & Statutory | | | | | |
| Expenditures - Municipal within "CAPS" | 1,214,941 | 1,214,941 | 1,218,218 | 1,425 | 4,702 |
| Total General Appropriations for Municipal | | | | | |
| Purposes Within "CAPS" | 10,628,640 | 10,758,640 | 9,247,247 | 1,516,103 | 4,710 |

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, 2014

| | <u>2014 Appropriations</u> | | <u>2014 Expended</u> | | |
|---|----------------------------|--------------------------------------|----------------------------|-----------------|---------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Overexpended</u> |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | |
| Police Dispatch/911 | | | | | |
| Other Expenses | \$ 8,500 | \$ 8,500 | \$ 7,803 | \$ 697 | |
| Educational Functions | | | | | |
| Maintenance of Free Public Library (P.L.1985 C.82) | 410,000 | 410,000 | 402,498 | 7,502 | |
| INSURANCE | | | | | |
| Employee Group Health | 40,521 | 40,521 | 40,521 | - | |
| Sewerage Processing and Disposal Costs | | | | | |
| Bergen County Utilities Authority-Contractual | 1,289,884 | 1,289,884 | 1,289,884 | | |
| South Hackensack Sewer Charges | 16,095 | 16,095 | 14,683 | 1,412 | |
| Recycling Tax | 10,000 | 10,000 | 10,000 | - | |
| Reserve for Tax Appeals | | | | | |
| Other Expenses | 300,000 | 300,000 | 300,000 | | |
| Public Safety Functions | | | | | |
| LOSAP- Fire Dept. | <u>110,000</u> | <u>110,000</u> | <u>74,850</u> | <u>35,150</u> | <u>-</u> |
| Total Other Operations Excluded from "CAPS" | <u>2,185,000</u> | <u>2,185,000</u> | <u>2,140,239</u> | <u>44,761</u> | <u>-</u> |
| Interlocal Municipal Services Agreement | | | | | |
| Bergen County Utilities Authority | | | | | |
| Salaries & Wages | 150,000 | 150,000 | 150,000 | | |
| Tenaflly Registrar Shared Services | | | | | |
| Salaries & Wages | 15,000 | 15,000 | 10,000 | 5,000 | |
| Bogota Shared Services | | | | | |
| Salaries & Wages | 50,000 | 50,000 | 50,000 | | |
| Other Expenses | <u>5,000</u> | <u>5,000</u> | <u>714</u> | <u>4,286</u> | <u>-</u> |
| Total Interlocal Municipal Service Agreements | <u>220,000</u> | <u>220,000</u> | <u>210,714</u> | <u>9,286</u> | <u>-</u> |
| Public and Private Programs Offset by Revenues | | | | | |
| Post Sandy Planning Assistance Grants | | 92,500 | 92,500 | | |
| CERT Trailer Grant | | 1,250 | 1,250 | | |
| Drunk Driving Enforcement Grant | 6,179 | 6,179 | 6,179 | | |
| Municipal Recycling Assistance | 13,733 | 13,733 | 13,733 | | |
| Body Armor Replacement Program | 3,240 | 3,240 | 3,240 | | |
| Clean Communities | <u>-</u> | <u>15,009</u> | <u>15,009</u> | <u>-</u> | <u>-</u> |
| Total Public and Private Programs Offset by Revenues | <u>23,152</u> | <u>131,911</u> | <u>131,911</u> | <u>-</u> | <u>-</u> |
| Total Operations Excluded from "CAPS" | <u>2,428,152</u> | <u>2,536,911</u> | <u>2,482,864</u> | <u>54,047</u> | <u>-</u> |
| Detail: | | | | | |
| Salaries & Wages | 215,000 | 215,000 | 210,000 | 5,000 | - |
| Other Expenses | <u>2,213,152</u> | <u>2,321,911</u> | <u>2,272,864</u> | <u>49,047</u> | <u>-</u> |

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>2014 Appropriations</u> | | <u>2014 Expended</u> | | |
|--|----------------------------|--------------------------------------|----------------------------|---------------------|---------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Overexpended</u> |
| OPERATIONS - EXCLUDED FROM "CAPS" (CONT'D.) | | | | | |
| CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS" | | | | | |
| Capital Improvement Fund | \$ 250,000 | \$ 250,000 | \$ 250,000 | - | - |
| Total Capital Improvements Excluded from "CAPS" | <u>250,000</u> | <u>250,000</u> | <u>250,000</u> | <u>-</u> | <u>-</u> |
| MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | | | | | |
| Payment of Bond Principal | 640,000 | 640,000 | 640,000 | | |
| Payment of Bond Anticipation Notes | 75,000 | 75,000 | 75,000 | | |
| Interest on Bonds | 206,300 | 206,300 | 206,300 | | |
| Interest on Notes | 57,939 | 57,939 | 57,939 | | |
| Green Trust Loan Repayments - Princ. & Interest | <u>31,475</u> | <u>31,475</u> | <u>31,475</u> | <u>-</u> | <u>-</u> |
| Total Municipal Debt Service Excluded from "CAPS" | <u>1,010,714</u> | <u>1,010,714</u> | <u>1,010,714</u> | <u>-</u> | <u>-</u> |
| DEFERRED CHARGES - Excluded from CAPS | | | | | |
| Emergency Authorization | 115,000 | 115,000 | 115,000 | - | - |
| Special Emergency (5 years) | 430,000 | 430,000 | 430,000 | - | - |
| General Capital Cancelled Grant Receivable | 66,051 | 66,051 | 66,051 | | |
| Unfunded Various Capital Ordinances | <u>13,186</u> | <u>13,186</u> | <u>13,186</u> | <u>-</u> | <u>-</u> |
| Total Deferred Charges- Excluded from "CAPS" | <u>624,237</u> | <u>624,237</u> | <u>624,237</u> | <u>-</u> | <u>-</u> |
| Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3) | <u>75,428</u> | <u>75,428</u> | <u>75,428</u> | <u>-</u> | <u>-</u> |
| Total General Appropriations Excluded from "CAPS" | <u>4,388,531</u> | <u>4,497,290</u> | <u>4,443,243</u> | <u>\$ 54,047</u> | <u>-</u> |
| Subtotal General Appropriations | 15,017,171 | 15,255,930 | 13,690,490 | 1,570,150 | \$ 4,710 |
| Reserve for Uncollected Taxes | <u>1,100,000</u> | <u>1,100,000</u> | <u>1,100,000</u> | <u>-</u> | <u>-</u> |
| Total General Appropriations | <u>\$ 16,117,171</u> | <u>\$ 16,355,930</u> | <u>\$ 14,790,490</u> | <u>\$ 1,570,150</u> | <u>\$ 4,710</u> |
| Budget as Adopted | | \$ 16,117,171 | | | |
| Added by 40A:4-87 | | 108,759 | | | |
| Added by Special Emergency Appropriation | | <u>130,000</u> | | | |
| | | <u>\$ 16,355,930</u> | | | |

BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

| | <u>2016</u> (Unaudited) | <u>2015</u> | <u>2014</u> |
|--|----------------------------|---------------------|---------------------|
| ASSETS | | | |
| ANIMAL CONTROL FUND | | | |
| Cash | \$ 10,053 | \$ 8,489 | \$ 8,674 |
| | <u>10,053</u> | <u>8,489</u> | <u>8,674</u> |
| OTHER TRUST FUND | | | |
| Cash | 591,263 | 830,184 | 743,117 |
| Due from Current Fund | <u>463,441</u> | <u>244,358</u> | <u>119,341</u> |
| | <u>1,054,704</u> | <u>1,074,542</u> | <u>862,458</u> |
| COMMUNITY DEVELOPMENT TRUST FUND | | | |
| Cash | 100 | 100 | 100 |
| Due from Other Trust Fund | <u>100</u> | <u>100</u> | <u>100</u> |
| | <u>200</u> | <u>200</u> | <u>200</u> |
| UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND | | | |
| Cash | <u>69,555</u> | <u>84,718</u> | <u>95,525</u> |
| | <u>69,555</u> | <u>84,718</u> | <u>95,525</u> |
| LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND-(LOSAP)-(UNAUDITED) | | | |
| Investments | 1,242,090 | 1,175,206 | 1,140,309 |
| Due from Current Fund | <u>-</u> | <u>89,819</u> | <u>74,850</u> |
| | <u>1,242,090</u> | <u>1,265,025</u> | <u>1,215,159</u> |
| Total Assets | <u>\$ 2,376,602</u> | <u>\$ 2,432,974</u> | <u>\$ 2,182,016</u> |

BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

| | <u>2016</u> (Unaudited) | <u>2015</u> | <u>2014</u> |
|---|----------------------------|---------------------|---------------------|
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| ANIMAL CONTROL FUND | | | |
| Reserve for Animal Control Fund Expenditures | \$ 10,053 | \$ 7,712 | \$ 6,452 |
| Due to Current Fund | <u>-</u> | <u>777</u> | <u>2,222</u> |
| | <u>10,053</u> | <u>8,489</u> | <u>8,674</u> |
| OTHER TRUST FUND | | | |
| Escrow and Miscellaneous Deposits | 130,281 | 656,707 | 578,615 |
| Due to General Capital Fund | 2,711 | 2,711 | 2,711 |
| Payroll Deductions Payable | 656 | 56,432 | 53,362 |
| Reserve for POAA | 7,412 | 6,838 | 6,208 |
| Reserve for Municipal Alliance Fund | 70 | 70 | 7,150 |
| Reserve for Recreation Fees | 53,825 | 83,052 | 94,988 |
| Reserve for Accumulated Leave Compensation | 463,475 | 244,282 | 119,299 |
| Reserve for Premium on Tax Sale | 279,299 | | |
| Reserve for Police Donations | 2,861 | | |
| Reserve for Fire Prevention Penalties | 300 | | |
| Reserve for Snow Removal | 2,580 | | |
| Reserve for Affordable Housing | 111,134 | 24,350 | 25 |
| Due to Community Development Trust Fund | <u>100</u> | <u>100</u> | <u>100</u> |
| | <u>1,054,704</u> | <u>1,074,542</u> | <u>862,458</u> |
| COMMUNITY DEVELOPMENT TRUST FUND | | | |
| Due to General Capital Fund | <u>200</u> | <u>200</u> | <u>200</u> |
| | <u>200</u> | <u>200</u> | <u>200</u> |
| UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND | | | |
| Due to State of New Jersey | | 239 | 1,826 |
| Reserve for Expenditures | <u>69,555</u> | <u>84,479</u> | <u>93,699</u> |
| | <u>69,555</u> | <u>84,718</u> | <u>95,525</u> |
| LENGTH OF SERVICE AWARDS PROGRAM | | | |
| TRUST FUND (LOSAP) (UNAUDITED) | | | |
| Reserve for LOSAP Benefits | <u>1,242,090</u> | <u>1,265,025</u> | <u>1,215,159</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 2,376,602</u> | <u>\$ 2,432,974</u> | <u>\$ 2,182,016</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 (UNAUDITED), 2015 AND 2014

| | <u>2016</u> (Unaudited) | <u>2015</u> | <u>2014</u> |
|---|----------------------------|--------------------------|--------------------------|
| ASSETS | | | |
| Cash | \$ 2,663,346 | \$ 5,458,606 | \$ 2,467,702 |
| Grants Receivable | 2,938,162 | 3,717,334 | 798,912 |
| Deferred Charges to Future Taxation | | | |
| Funded | 5,996,897 | 6,669,125 | 7,325,816 |
| Unfunded | 11,471,993 | 11,333,420 | 5,091,950 |
| Cancelled Grants Receivable | | 36,644 | |
| Due from Community Development Trust Fund | 200 | 200 | 200 |
| Due from Other Trust Fund | <u>2,711</u> | <u>2,711</u> | <u>2,711</u> |
| Total Assets | <u>\$ 23,073,309</u> | <u>\$ 27,218,040</u> | <u>\$ 15,687,291</u> |
| LIABILITIES, RESERVES AND FUND BALANCE | | | |
| General Serial Bonds Payable | \$ 5,805,000 | \$ 6,450,000 | \$ 7,080,000 |
| Bond Anticipation Notes Payable | 8,084,356 | 8,610,597 | 4,215,000 |
| Green Acres Loan Payable | 191,897 | 219,125 | 245,816 |
| Improvement Authorizations | | | |
| Funded | 145,502 | 169,551 | 85,530 |
| Unfunded | 3,808,548 | 6,268,760 | 2,151,036 |
| Encumbrances/Contracts Payable | 1,331,063 | 1,266,291 | 710,184 |
| Due to Current Fund | 184 | 221 | 7,565 |
| Reserve for Grants Receivable | 2,713,162 | 3,492,334 | 585,626 |
| Reserve for Payment of Bonds | 131,340 | 148,840 | 142,862 |
| Capital Improvement Fund | 715,187 | 535,630 | 264,695 |
| Fund Balance | <u>147,070</u> | <u>56,691</u> | <u>198,977</u> |
| Total Liabilities, Reserves and Fund Balance | <u>\$ 23,073,309</u> | <u>\$ 27,218,040</u> | <u>\$ 15,687,291</u> |

There were bonds and notes authorized but not issued at December 31, 2016 (Unaudited), 2015 and 2014 amounting to \$4,409,574, \$3,097,064 and \$1,171,784 respectively.

BOROUGH OF LITTLE FERRY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

| | <u>2016</u> (Unaudited) | <u>2015</u> | <u>2014</u> |
|--|----------------------------|------------------|-------------------|
| Balance, January 1 | \$ 56,691 | \$ 198,977 | \$ 269,354 |
| Increased by: | | | |
| Premium on Sale of Notes | 87,879 | 19,633 | |
| Funded Improvement Authorizations Cancelled | <u>2,500</u> | <u>6,981</u> | <u>11,623</u> |
| | 147,070 | 225,591 | 280,977 |
| Decreased by: | | | |
| Appropriated to Finance Improvement Authorizations | <u>-</u> | <u>168,900</u> | <u>82,000</u> |
| Balance, December 31 | <u>\$ 147,070</u> | <u>\$ 56,691</u> | <u>\$ 198,977</u> |

BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

| | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-------------------------------------|-------------|----------------------|----------------------|
| ASSETS | | | |
| Land and Land Improvements | Not | \$ 8,014,364 | \$ 7,889,746 |
| Buildings and Building Improvements | Available | 16,886,802 | 16,886,802 |
| Machinery and Equipment | | <u>5,940,703</u> | <u>5,551,033</u> |
| Total Assets | | <u>\$ 30,841,869</u> | <u>\$ 30,327,581</u> |
| FUND BALANCE | | | |
| Investment in General Fixed Assets | | <u>\$ 30,841,869</u> | <u>\$ 30,327,581</u> |

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NOTES TO FINANCIAL STATEMENTS

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough, incorporated in the year 1894, 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 (UNAUDITED), 2015 AND 2014

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

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

Length of Service Awards Program 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 (UNAUDITED), 2015 AND 2014

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.

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 (UNAUDITED), 2015 AND 2014

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 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/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 (UNAUDITED), 2015 AND 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Deferred Charges – Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits 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 (UNAUDITED), 2015 AND 2014

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.

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

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

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 (UNAUDITED), 2015 AND 2014

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 (Unaudited), 2015 and 2014 the Borough Council increased the original budget by \$36,776, \$452,284 and \$238,759, respectively. The increases in 2016 and 2015 were funded by additional aid allotted to the Borough. The increases in 2014 were funded by additional aid allotted to the Borough totaling \$108,759 as well as a special emergency resolution for expenses related to a Borough-wide reassessment in the amount of \$130,000. In addition, the governing body approved several budget transfers during 2016, 2015 and 2014.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

| | <u>Modified Budget</u> | <u>Actual</u> | <u>Unfavorable Variance</u> |
|-------------------------------------|----------------------------|---------------|---------------------------------|
| <u>2016 (Unaudited)</u> | | | |
| None | | | |
| <u>2015</u> | | | |
| None | | | |
| <u>2014</u> | | | |
| Current Fund | | | |
| 2014 Appropriations | | | |
| Utility Expenses and Bulk Purchases | | | |
| Water | \$14,200 | \$14,208 | \$8 |
| Statutory Charges | | | |
| Social Security System | 183,000 | 187,702 | 4,702 |

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and were funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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), 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 (Unaudited), 2015 and 2014, the book value of the Borough's deposits were \$12,236,824, \$14,642,960 and \$10,970,510 and bank and brokerage firm balances of the Borough's deposits amounted to \$13,337,373, \$15,212,842 and \$11,457,422, 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> (Unaudited) | <u>2015</u> | <u>2014</u> |
| Insured | \$ 13,337,373 | \$ 15,212,842 | \$ 11,457,422 |

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 (Unaudited), 2015 and 2014 none of the Borough's bank balances were exposed to custodial credit risk.

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.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2016 (Unaudited), 2015 and 2014, the Borough had the following investments:

| | Fair Value (LOSAP Only) | | |
|-------------------------------|-------------------------------|---------------------|---------------------|
| | <u>2016</u> (Unaudited) | <u>2015</u> | <u>2014</u> |
| Investment: | | | |
| Lincoln Financial Group LOSAP | | | |
| Investment Fund (Unaudited) | <u>\$ 1,242,090</u> | <u>\$ 1,175,206</u> | <u>\$ 1,140,309</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 (Unaudited), 2015 and 2014, \$1,175,206 and \$1,140,309 of the Borough's investments was exposed to custodial credit risk as follows:

| | Fair Value (LOSAP - Unaudited) | | |
|---|--------------------------------------|---------------------|---------------------|
| | <u>2016</u> (Unaudited) | <u>2015</u> | <u>2014</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> | <u>\$ 1,140,309</u> |

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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 (Unaudited), 2015 and 2014, 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 (Unaudited), 2015 and 2014 consisted of the following:

| <u>Current</u> | <u>2016</u> (Unaudited) | <u>2015</u> | <u>2014</u> |
|----------------|----------------------------|----------------|----------------|
| Property Taxes | <u>839,000</u> | <u>819,886</u> | <u>682,116</u> |

In 2016 (Unaudited), 2015 and 2014, the Borough collected \$814,720, \$681,866 and \$733,736 from delinquent taxes, which represented 99%, 100% and 100%, respectively of the prior year delinquent taxes receivable balance.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

NOTE 5 DUE TO/FROM OTHER FUNDS

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

| | <u>2016 (Unaudited)</u> | | <u>2015</u> | | <u>2014</u> | |
|---|---------------------------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|-------------------------------|
| | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> | <u>Due from Other Funds</u> | <u>Due to Other Funds</u> |
| Current Fund | \$ 184 | \$ 463,441 | \$ 998 | \$ 334,177 | \$ 9,787 | \$ 194,191 |
| Trust Funds: | | | | | | |
| Animal Control | | | | 777 | | 2,222 |
| Other Trust - General Trust | 463,441 | 2,811 | 244,358 | 2,811 | 119,341 | 2,811 |
| Community Development | 100 | 200 | 100 | 200 | 100 | 200 |
| Length of Service Awards Program (LOSAP) | | | 89,819 | | 74,850 | |
| General Capital Fund | <u>2,911</u> | <u>184</u> | <u>2,911</u> | <u>221</u> | <u>2,911</u> | <u>7,565</u> |
| Total | <u>\$ 466,636</u> | <u>\$ 466,636</u> | <u>\$ 338,186</u> | <u>\$ 338,186</u> | <u>\$ 206,989</u> | <u>\$ 206,989</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.

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> |
|---|---------------------------------|---|--|
| <u>2016 (Unaudited)</u> | | | |
| Current Fund | | | |
| Special Emergency Authorizations (40A:4-55) | \$ 98,000 | \$ 36,000 | \$ 62,000 |
| <u>2015</u> | | | |
| Current Fund | | | |
| Special Emergency Authorizations (40A:4-55) | \$ 599,000 | \$ 501,000 | \$ 98,000 |
| General Capital Fund | | | |
| Cancelled Grants Receivable | 36,644 | 36,644 | - |
| <u>2014</u> | | | |
| Current Fund | | | |
| Special Emergency Authorizations (40A:4-55) | \$ 1,240,000 | \$ 641,000 | \$ 599,000 |
| Overexpenditure of Appropriations | 4,710 | 4,710 | - |

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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 (Unaudited), 2015 and 2014 are as follows:

| | <u>2016</u> <u>(Unaudited)</u> <u>Local District</u> <u>School</u> | <u>2015</u> <u>Local District</u> <u>School</u> | <u>2014</u> <u>Local District</u> <u>School</u> |
|--------------------|---|---|---|
| Balance of Tax | \$9,216,947 | \$9,034,693 | \$8,788,417 |
| Deferred Liability | <u>6,405,244</u> | <u>6,405,244</u> | <u>6,405,244</u> |
| Taxes Payable | <u>\$2,811,703</u> | <u>\$2,629,449</u> | <u>\$2,383,173</u> |

NOTE 8 FUND BALANCES APPROPRIATED

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

| | <u>2016 (Unaudited)</u> | | | <u>2015</u> | | | <u>2014</u> | |
|------------------|--|---|--|--|---|--|--|---|
| | <u>Fund</u> <u>Balance</u> <u>December 31,</u> | <u>Utilized</u> <u>in Subsequent</u> <u>Year's Budget</u> | | <u>Fund</u> <u>Balance</u> <u>December 31,</u> | <u>Utilized</u> <u>in Subsequent</u> <u>Year's Budget</u> | | <u>Fund</u> <u>Balance</u> <u>December 31,</u> | <u>Utilized</u> <u>in Subsequent</u> <u>Year's Budget</u> |
| Current Fund | | | | | | | | |
| Cash Surplus | \$ 2,285,732 | \$ 1,700,000 (1) | | \$ 1,845,392 | \$ 1,700,000 | | \$ 1,895,958 | \$ 1,700,000 |
| Non-Cash Surplus | <u>417,962</u> | <u>-</u> | | <u>467,311</u> | <u>-</u> | | <u>87,802</u> | <u>-</u> |
| | <u>\$ 2,703,694</u> | <u>\$ 1,700,000</u> | | <u>\$ 2,312,703</u> | <u>\$ 1,700,000</u> | | <u>\$ 1,983,760</u> | <u>\$ 1,700,000</u> |

(1) The above fund balance amount appropriated represents the surplus anticipated in the 2017 introduced municipal budget. The 2017 municipal budget has not been legally adopted as of the date of this report.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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, 2015 and 2014. The summary of changes in the general fixed assets account group for the year ended December 31, 2016 is not available.

| | Balance December 31, <u>2014</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2015</u> |
|-------------------------------------|--|-------------------|-------------------|---|
| <u>2015</u> | | | | |
| 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> |
| | Balance December 31, <u>2013</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2014</u> |
| <u>2014</u> | | | | |
| Land and Land Improvements | \$ 7,889,746 | | | \$ 7,889,746 |
| Buildings and Building Improvements | 16,886,802 | | | 16,886,802 |
| Machinery and Equipment | <u>5,453,145</u> | <u>\$ 228,854</u> | <u>\$ 130,966</u> | <u>5,551,033</u> |
| | <u>\$ 30,229,693</u> | <u>\$ 228,854</u> | <u>\$ 130,966</u> | <u>\$ 30,327,581</u> |

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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> (Unaudited) | <u>2015</u> | <u>2014</u> |
|---|----------------------------|----------------------|----------------------|
| Issued | | | |
| General | | | |
| Bonds, Notes and Loans | \$ 14,081,253 | \$ 15,279,722 | \$ 11,540,816 |
| Less Funds Temporarily Held to Pay Bonds and Notes | <u>1,153,277</u> | <u>523,081</u> | <u>437,696</u> |
| Net Debt Issued | 12,927,976 | 14,756,641 | 11,103,120 |
| Authorized But Not Issued | | | |
| General | | | |
| Bonds and Notes | <u>4,409,574</u> | <u>3,097,064</u> | <u>1,171,784</u> |
| Net Bonds and Notes Issued and Authorized But Not Issued | <u>\$ 17,337,550</u> | <u>\$ 17,853,705</u> | <u>\$ 12,274,904</u> |

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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%, 1.616% and 1.020% at December 31, 2016 (Unaudited), 2015 and 2014, respectively.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-------------------------|----------------------|---------------------|----------------------|
| <u>2016 (Unaudited)</u> | | | |
| General Debt | \$ 18,490,827 | \$ 1,153,277 | \$ 17,337,550 |
| School Debt | - | - | - |
| 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 | - | - | - |
| Total | <u>\$ 18,376,786</u> | <u>\$ 523,081</u> | <u>\$ 17,853,705</u> |
| <u>2014</u> | | | |
| General Debt | \$ 12,712,600 | \$ 437,696 | \$ 12,274,904 |
| School Debt | - | - | - |
| Total | <u>\$ 12,712,600</u> | <u>\$ 437,696</u> | <u>\$ 12,274,904</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> | <u>2014</u> |
|---|----------------------|----------------------|----------------------|
| | (Unaudited) | | |
| 3-1/2% of Equalized Valuation Basis (Municipal) | \$ 36,525,219 | \$ 38,663,329 | \$ 42,107,719 |
| Less: Net Debt | <u>17,337,550</u> | <u>17,853,705</u> | <u>12,274,904</u> |
| Remaining Borrowing Power | <u>\$ 19,187,669</u> | <u>\$ 20,809,624</u> | <u>\$ 29,832,815</u> |

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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> (Unaudited) | <u>2015</u> | <u>2014</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 | \$ 550,000 |
| \$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 | 5,900,000 |
| \$1,655,000, 2011 Refunding Bonds, due in annual installments of \$310,000 to \$320,000 through May, 2016, interest at 2.00% to 3.50% | - | 310,000 | 630,000 |
| | <u>\$ 5,805,000</u> | <u>\$ 6,450,000</u> | <u>\$ 7,080,000</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> (Unaudited) | <u>2015</u> | <u>2014</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 | \$ 44,026 |
| \$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 | 36,135 |
| \$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>165,655</u> |
| | <u>\$ 191,897</u> | <u>\$ 219,125</u> | <u>\$ 245,816</u> |

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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 (Unaudited) is as follows:

| Calendar Year | General Bonds | | 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>\$ 6,860,236</u> |

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2016 (Unaudited), 2015 and 2014 were as follows:

| | Balance, December 31, <u>2015</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2016</u> (Unaudited) | Due Within <u>One Year</u> |
|---|---|------------------|-------------------|--|----------------------------------|
| <u>2016 (Unaudited)</u> | | | | | |
| General Capital Fund | | | | | |
| Bonds Payable | \$ 6,450,000 | | \$ 645,000 | \$ 5,805,000 | \$ 680,000 |
| Intergovernmental Loans Payable | <u>219,125</u> | <u>\$ -</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 (UNAUDITED), 2015 AND 2014

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> |
|---|---|------------------|-------------------|---|----------------------------------|
| <u>2015</u> | | | | | |
| 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> |
| | Balance, December 31, <u>2013</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2014</u> | Due Within <u>One Year</u> |
| <u>2014</u> | | | | | |
| General Capital Fund | | | | | |
| Bonds Payable | \$ 7,720,000 | | \$ 640,000 | \$ 7,080,000 | \$ 630,000 |
| Intergovernmental Loans Payable | <u>271,981</u> | <u>-</u> | <u>26,165</u> | <u>245,816</u> | <u>26,691</u> |
| General Capital Fund Long-Term Liabilities | <u>\$ 7,991,981</u> | <u>\$ -</u> | <u>\$ 666,165</u> | <u>\$ 7,325,816</u> | <u>\$ 656,691</u> |

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2016 (Unaudited), 2015 and 2014 was as follows:

Bond Anticipation Notes

| <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> (Unaudited) |
|--|-----------------|----------------------|---|------------------------|--------------------------|--|
| <u>2016 (Unaudited)</u> | | | | | | |
| <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 |
| 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 |

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

| <u>Purpose</u> | <u>Rate</u> <u>(%)</u> | <u>Maturity</u> <u>Date</u> | Balance, December 31, <u>2015</u> | <u>Renewed/</u> <u>Issued</u> | <u>Retired/</u> <u>Redeemed</u> | Balance, December 31, <u>2016</u> (Unaudited) |
|--|---------------------------|--------------------------------|---|----------------------------------|------------------------------------|--|
| <u>2016 (Unaudited)</u> (Continued) | | | | | | |
| Sanitary Sewer Improvements- Neihaus & Williams | 2.25 | 4/27/2017 | 98,412 | 48,625 | 98,412 | 48,625 |
| Acquisition and Installation of Generators | 2.25 | 4/27/2017 | 200,000 | | 200,000 | - |
| 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>(%)</u> | <u>Maturity</u> <u>Date</u> | Balance, December 31, <u>2014</u> | <u>Renewed/</u> <u>Issued</u> | <u>Retired/</u> <u>Redeemed</u> | Balance, December 31, <u>2015</u> |
|------------------------------------|---------------------------|--------------------------------|---|----------------------------------|------------------------------------|---|
| <u>2015</u> | | | | | | |
| <u>General Capital Fund</u> | | | | | | |
| 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 (UNAUDITED), 2015 AND 2014

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

| <u>Purpose</u> | <u>Rate</u> <u>(%)</u> | <u>Maturity</u> <u>Date</u> | Balance, December 31, <u>2014</u> | <u>Renewed/</u> <u>Issued</u> | <u>Retired/</u> <u>Redeemed</u> | Balance, December 31, <u>2015</u> |
|---|---------------------------|--------------------------------|---|----------------------------------|------------------------------------|---|
| <u>2015 (Continued)</u> | | | | | | |
| 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 | <u>-</u> | <u>617,500</u> | <u>-</u> | <u>617,500</u> |
| 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 (UNAUDITED), 2015 AND 2014

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

| <u>Purpose</u> | <u>Rate</u> <u>(%)</u> | <u>Maturity</u> <u>Date</u> | Balance, December 31, <u>2013</u> | Renewed/ <u>Issued</u> | Retired/ <u>Redeemed</u> | Balance, December 31, <u>2014</u> |
|---|---------------------------|--------------------------------|---|---------------------------|-----------------------------|---|
| <u>2014</u> | | | | | | |
| <u>General Capital Fund</u> | | | | | | |
| Acquisition of Land | 0.44 | 11/14/2015 | \$ 128,300 | \$ 127,088 | \$ 128,300 | \$ 127,088 |
| Improvements- Franklin Street | 0.44 | 11/14/2015 | 36,004 | 14,469 | 36,004 | 14,469 |
| Traffic Light/Liberty-Washington | 0.44 | 11/14/2015 | 142,500 | 144,500 | 142,500 | 144,500 |
| Improvements- Indian Lake Park | 0.44 | 11/14/2015 | 18,379 | 13,854 | 18,379 | 13,854 |
| Improvements to Lakeview Avenue | 0.44 | 11/14/2015 | 25,000 | 21,050 | 25,000 | 21,050 |
| Improvements to Willow Lake Park | 0.44 | 11/14/2015 | 45,110 | 41,015 | 45,110 | 41,015 |
| Phase III Improvements to Lakeview Park | 0.44 | 11/14/2015 | 215,629 | 89,654 | 215,629 | 89,654 |
| Various Improvements | 0.44 | 11/14/2015 | 133,000 | 127,285 | 133,000 | 127,285 |
| Repair of Sanitary Sewer Lines on Franklin & Eckel Streets | 0.44 | 11/14/2015 | 351,500 | 339,375 | 351,500 | 339,375 |
| Repair of Sanitary Sewer Lines on Maple St. | 0.44 | 11/14/2015 | 40,456 | 37,176 | 40,456 | 37,176 |
| Repair of Senior Center Roof | 0.44 | 11/14/2015 | 158,789 | 158,789 | 158,789 | 158,789 |
| Various Capital Improvements | 0.44 | 11/14/2015 | 699,083 | 699,083 | 699,083 | 699,083 |
| Various Improvements | 0.44 | 11/14/2015 | 869,250 | 869,250 | 869,250 | 869,250 |
| Various Road Improvements | 0.44 | 11/14/2015 | 297,000 | 297,000 | 297,000 | 297,000 |
| Brandt Street Improvements | 0.44 | 11/14/2015 | 250,000 | 250,000 | 250,000 | 250,000 |
| Acquisition and Installation of Generators | 0.44 | 11/14/2015 | | 70,000 | | 70,000 |
| Various Capital Improvements | 0.44 | 11/14/2015 | - | 817,000 | - | 817,000 |
| Sanitary Sewer Improvements- Neihaus & Williams | 0.44 | 11/14/2015 | - | 98,412 | - | 98,412 |
| Total General Capital Fund | | | <u>\$ 3,410,000</u> | <u>\$ 4,215,000</u> | <u>\$ 3,410,000</u> | <u>\$ 4,215,000</u> |

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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 (Unaudited), 2015 and 2014 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 (Unaudited)

| <u>Purpose</u> | <u>Rate</u> <u>(%)</u> | <u>Maturity</u> <u>Date</u> | Balance, December 31, <u>2015</u> | Renewed/ <u>Issued</u> | Retired/ <u>Redeemed</u> | Balance, December 31, <u>2016</u> (Unaudited) |
|--|---------------------------|--------------------------------|---|---------------------------|-----------------------------|--|
| 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>(%)</u> | <u>Maturity</u> <u>Date</u> | Balance, December 31, <u>2014</u> | Renewed/ <u>Issued</u> | Retired/ <u>Redeemed</u> | Balance, December 31, <u>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> |

2014

| <u>Purpose</u> | <u>Rate</u> <u>(%)</u> | <u>Maturity</u> <u>Date</u> | Balance, December 31, <u>2013</u> | Renewed/ <u>Issued</u> | Retired/ <u>Redeemed</u> | Balance, December 31, <u>2014</u> |
|--|---------------------------|--------------------------------|---|---------------------------|-----------------------------|---|
| Hurricane Sandy/Master Plan/Reassessment | 1.00 | 11/15/2015 | \$ 2,400,000 | \$ 1,240,000 | \$ 2,400,000 | \$ 1,240,000 |
| Total Special Emergency Notes Payable | | | <u>\$ 2,400,000</u> | <u>\$ 1,240,000</u> | <u>\$ 2,400,000</u> | <u>\$ 1,240,000</u> |

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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> |
|--|------------------------------------|---|
| <u>2016 (Unaudited)</u> | | |
| Improvements to Woodland Avenue | \$96,758 | 2017 |
| Improvements to Lakeview Field | 596,169 | 2017 |
| DPW Yard – Paving and Lighting | 55,958 | 2017 |
| Improvements to Summit Circle | 98,801 | 2017 |
| Improvements to Brandt Street | 59,768 | 2017 |
| <u>2015</u> | | |
| 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 |
| <u>2014</u> | | |
| 2013 Municipal Improvement Program | \$31,704 | 2015 |
| Indian Lake Path Restoration | 136,318 | 2015 |
| Niehaus & Williams Ave. Sanitary Sewer Line | 95,178 | 2015 |

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

| <u>Purpose</u> | <u>Remaining Commitment</u> |
|----------------------------------|---------------------------------|
| <u>2016 (Unaudited)</u> | |
| Generator at Borough Hall | \$ 32,204 |
| Recondition of Fire Rescue Truck | 243,692 |
| <u>2015</u> | |
| Mack Dump Truck | \$199,193 |
| Generator at Borough Hall | 53,278 |
| <u>2014</u> | |
| Acquisition of Tanden Dump Truck | \$191,557 |

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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 \$1,283,507, \$1,197,252 and \$1,178,145 at December 31, 2016 (Unaudited), 2015 and 2014, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2016 (Unaudited), 2015 and 2014, the Borough has reserved in the Other Trust Fund \$463,475, \$244,282 and \$119,299, 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, the Borough did not request or receive any loan proceeds. As of the date of compilation, it has not been determined if any of the \$1,710,000 total loan proceeds received will be eligible for forgiveness.

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 (Unaudited), 2015 and 2014 is \$126,754, \$163,861 and \$203,920, respectively.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

C. Deferred Pension Obligation (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 (Unaudited), 2015 and 2014 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> |
|-----------------------------------|---|---------------------|-------------------|---|-------------------------------|
| <u>2016 (Unaudited)</u> | | | | | |
| Compensated Absences | \$ 1,197,252 | \$ 86,255 | | \$ 1,283,507 | |
| Community Disaster Loan | 1,710,000 | | | 1,710,000 | |
| Deferred Pension Obligation | 163,861 | | \$ 37,107 | 126,754 | \$ 28,162 |
| Net Pension Liability - PERS | 4,008,788 | 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>\$ 18,117,339</u> | <u>\$ 4,998,832</u> | <u>\$ 919,512</u> | <u>\$ 22,196,659</u> | <u>\$ 28,162</u> |
| | Balance, December 31, <u>2014</u> | <u>Additions</u> | <u>Reductions</u> | Balance, December 31, <u>2015</u> | Due Within <u>One Year</u> |
| <u>2015</u> | | | | | |
| 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 | 4,246,071 | | 237,283 | 4,008,788 | |
| Net Pension Liability - PFRS | <u>10,907,925</u> | <u>803,451</u> | <u>673,938</u> | <u>11,037,438</u> | <u>-</u> |
| Total Other Long-Term Liabilities | <u>\$ 18,246,061</u> | <u>\$ 822,558</u> | <u>\$ 951,280</u> | <u>\$ 18,117,339</u> | <u>\$ 37,107</u> |

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

C. Deferred Pension Obligation (Continued)

Changes in Other Long-Term Liabilities (Continued)

| | Balance, December 31, 2013 | Prior Period Adjustment (A) | Additions | Reductions | Balance, December 31, 2014 | Due Within One Year |
|-----------------------------------|----------------------------------|--------------------------------------|---------------------|---------------------|----------------------------------|------------------------|
| <u>2014</u> | | | | | | |
| Compensated Absences | \$ 1,185,857 | | | \$ 7,712 | \$ 1,178,145 | |
| Community Disaster Loan | 900,000 | | \$ 810,000 | | 1,710,000 | |
| Deferred Pension Obligation | 426,003 | | | 222,083 | 203,920 | \$ 40,059 |
| Net Pension Liability - PERS | | \$ 4,246,071 | - | 237,283 | 4,008,788 | |
| Net Pension Liability - PFRS | - | 10,907,925 | 803,451 | 673,938 | 11,037,438 | - |
| | | | | | | |
| Total Other Long-Term Liabilities | <u>\$ 2,511,860</u> | <u>\$ 15,153,996</u> | <u>\$ 1,613,451</u> | <u>\$ 1,141,016</u> | <u>\$ 18,138,291</u> | <u>\$ 40,059</u> |

(A) Represents the proportionate share of the Borough's net pension liability of the state sponsored employer retirement systems resulting from the requirements of Governmental Accounting Standards Board's Statement No. 68 "Accounting and Financial Reporting for Pensions".

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.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation (Continued)

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.

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, which was rolled forward to June 30, 2015, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, local PERS and local PFRS is 52.0 percent with an unfunded actuarial accrued liability of \$40.6 billion. The CPFPPF system is 23.76 percent funded with an unfunded actuarial accrued liability of \$7.8 million. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 47.93 percent and \$22.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 56.31 percent and \$18.1 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, 2014 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) 7.90% for investment rate of return for all the retirement systems except CPFPPF (3.80%) and (b) changes to projected salary increases 2.15-5.40 percent based on age for PERS and 3.95-10.48 percent based on age for PFRS.

Employer and Employee Pension Contributions

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

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2016 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 (Unaudited), 2015 and 2014, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program 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

Under the regulatory basis of accounting, the Borough is permitted to utilize the measurement date of June 30, 2015 for the net pension liability and related information which is 18 months prior to the Borough's balance sheet date of December 31, 2016. GAAP requires the measurement date of the total pension liability to be no earlier than the end of the employers prior fiscal year.

Public Employees Retirement System (PERS)

At December 31, 2016 (Unaudited), 2015 and 2014, the Borough reported a liability of \$4,621,813, \$4,008,788 and \$4,246,071, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, 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. At June 30, 2015, the Borough's proportionate share was .020559 percent, which was a decrease of .00085 percent from its proportionate share measured as of June 30, 2014 of .02141 percent.

For the year ended December 31, 2016 (Unaudited) and 2015, the pension system has determined the Borough's pension expense to be \$251,613 and \$182,199, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$176,512 and \$167,399, respectively. At December 31, 2016 (Unaudited) 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:

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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)

| | 2016 | | 2015 | |
|--|--|---|--|---|
| | <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 | \$ 110,260 | | | |
| Changes of Assumptions | 496,346 | | \$ 126,058 | |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | \$ 74,310 | | \$ 238,902 |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>-</u> | <u>236,756</u> | <u>-</u> | <u>130,035</u> |
| Total | <u>\$ 606,606</u> | <u>\$ 311,066</u> | <u>\$ 126,058</u> | <u>\$ 368,937</u> |

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> |
|-------------------------------------|-------------------|
| 2016 | \$ 44,805 |
| 2017 | 44,805 |
| 2018 | 44,805 |
| 2019 | 104,531 |
| 2020 | <u>56,594</u> |
| | <u>\$ 295,540</u> |

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| <u>PERS</u> | <u>2016</u> | <u>2015</u> |
|---------------------------|--------------------|--------------------|
| Inflation Rate | 3.04% | 3.01% |
| Salary Increases: | | |
| 2012-2021 | 2.15-4.40% | 2.15-4.40% |
| | Based on Age | Based on Age |
| Thereafter | 3.15-5.40% | 3.15-5.40% |
| | Based on Age | Based on Age |
| Investment Rate of Return | 7.90% | 7.90% |
| Mortality Rate Table | RP-2000 | RP-2000 |

BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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)

Actuarial Assumptions

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

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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, 2015 and 2014 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% | 1.04% | 6.00% | 0.80% |
| U.S. Treasuries | 1.75% | 1.64% | | |
| Investment Grade Credit | 10.00% | 1.79% | | |
| Core Bonds | | | 1.00% | 2.49% |
| Intermediate-Term Bonds | | | 11.20% | 2.26% |
| Mortgages | 2.10% | 1.62% | 2.50% | 2.17% |
| High Yield Bonds | 2.00% | 4.03% | 5.50% | 4.82% |
| Inflation-Indexed Bonds | 1.50% | 3.25% | 2.50% | 3.51% |
| Broad US Equities | 27.25% | 8.52% | 25.90% | 8.22% |
| Developed Foreign Equities | 12.00% | 6.88% | 12.70% | 8.12% |
| Emerging Market Equities | 6.40% | 10.00% | 6.50% | 9.91% |
| Private Equity | 9.25% | 12.41% | 8.25% | 13.02% |
| Hedge Funds/Absolute Return | 12.00% | 4.72% | 12.25% | 4.92% |
| Real Estate (Property) | 2.00% | 6.83% | 3.20% | 5.80% |
| Commodities | 1.00% | 5.32% | 2.50% | 5.35% |
| Global Debt ex US | 3.50% | -0.40% | | |
| REIT | 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>Discount Rate</u> |
|-------------|----------------------|
| 2016 | 4.90% |
| 2015 | 5.39% |

BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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, 2033 |
| Municipal Bond Rate * | From July 1, 2033 and Thereafter |

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, 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 calculated using the discount rate of 4.90% 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

| | 1% Decrease (3.90%) | Current Discount Rate (4.90%) | 1% Increase (5.90%) |
|--|------------------------------------|--|------------------------------------|
| 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. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

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.

BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2016 (Unaudited), 2015 and 2014, the Borough had a liability of \$14,454,585, \$11,037,438 and \$10,907,925, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, 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. At June 30, 2015, the Borough's proportionate share was .08678 percent, which was a decrease of .00096 percent from its proportionate share measured as of June 30, 2014 of .08774percent.

For the years ended December 31, 2016 (Unaudited) and 2015, the pension system has determined the Borough pension expense to be \$1,346,587 and \$881,527, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$673,938 and \$598,625, 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:

| | 2016 | | 2015 | |
|--|--|---|--|---|
| | <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 | | \$ 124,675 | | |
| Changes of Assumptions | \$ 2,668,676 | | \$ 414,383 | |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | | 251,569 | | \$ 1,126,334 |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>511,559</u> | <u>105,751</u> | <u>634,233</u> | <u>-</u> |
| Total | <u>\$ 3,180,235</u> | <u>\$ 481,995</u> | <u>\$ 1,048,616</u> | <u>\$ 1,126,334</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

| <u>Year Ending December 31,</u> | <u>Total</u> |
|---|---------------------|
| 2016 | \$ 534,003 |
| 2017 | 534,003 |
| 2018 | 534,003 |
| 2019 | 815,586 |
| 2020 | <u>280,645</u> |
| | <u>\$ 2,698,240</u> |

BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

| <u>PFRS</u> | <u>2016</u> | <u>2015</u> |
|---------------------------|--------------------|--------------------|
| Inflation Rate | 3.04% | 3.01% |
| Salary Increases: | | |
| 2012-2021 | 2.60-9.48% | 3.95-8.62% |
| | Based on Age | Based on Age |
| Thereafter | 3.60-10.48% | 4.95-9.62% |
| | Based on Age | Based on Age |
| Investment Rate of Return | 7.90% | 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, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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, 2015 and 2014 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% | 1.04% | 6.00% | 0.80% |
| U.S. Treasuries | 1.75% | 1.64% | | |
| Investment Grade Credit | 10.00% | 1.79% | | |
| Core Bonds | | | 1.00% | 2.49% |
| Intermediate-Term Bonds | | | 11.20% | 2.26% |
| Mortgages | 2.10% | 1.62% | 2.50% | 2.17% |
| High Yield Bonds | 2.00% | 4.03% | 5.50% | 4.82% |
| Inflation-Indexed Bonds | 1.50% | 3.25% | 2.50% | 3.51% |
| Broad US Equities | 27.25% | 8.52% | 25.90% | 8.22% |
| Developed Foreign Equities | 12.00% | 6.88% | 12.70% | 8.12% |
| Emerging Market Equities | 6.40% | 10.00% | 6.50% | 9.91% |
| Private Equity | 9.25% | 12.41% | 8.25% | 13.02% |
| Hedge Funds/Absolute Return | 12.00% | 4.72% | 12.25% | 4.92% |
| Real Estate (Property) | 2.00% | 6.83% | 3.20% | 5.80% |
| Commodities | 1.00% | 5.32% | 2.50% | 5.35% |
| Global Debt ex US | 3.50% | -0.40% | | |
| REIT | 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>Discount Rate</u> |
|-------------|----------------------|
| 2016 | 5.79% |
| 2015 | 6.32% |

BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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, 2045 |
| Municipal Bond Rate * | From July 1, 2045 and Thereafter |

* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, 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 calculated using the discount rate of 5.79%, 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 (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

| | 1% Decrease <u>(4.79%)</u> | Current Discount Rate <u>(5.79%)</u> | 1% Increase <u>(6.79%)</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. 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 (UNAUDITED), 2015 AND 2014

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 (Unaudited), 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,267,619, \$1,188,547 and \$1,016,751, 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 \$158,117 and \$150,594, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$65,986 and \$49,352, 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.

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.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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

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.

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 \$67.5 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.9 billion for state 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 (UNAUDITED), 2015 AND 2014

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 (Unaudited), 2015 and 2014 were \$551,844, \$503,126 and \$497,137 respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2016 (Unaudited), 2015 and 2014 were \$18,053, \$16,225 and \$14,666 respectively.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 (UNAUDITED), 2015 AND 2014

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 December 31</u> | <u>Borough Contributions</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-----------------------------------|----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2016 (Unaudited) | | \$ 6,470 | \$ 21,394 | \$ 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 (UNAUDITED), 2015 AND 2014

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, 2015 and 2014. 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 (Unaudited), 2015 and 2014, the Borough reserved \$252,440, \$199,919 and \$300,000, 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 (Unaudited), 2015 and 2014, 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 (Unaudited), 2015 and 2014, 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 (UNAUDITED), 2015 AND 2014

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 \$1,361 for 2015 and 2014, respectively, for each eligible volunteer fire department member into the Plan. The total Borough contributions were \$103,500, \$89,819 and \$74,850 for 2016 (Unaudited), 2015 and 2014, 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.

APPENDIX C

Forms of Approving Legal Opinions of Bond Counsel

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_____, 2017

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 \$3,727,000 General Improvement Bonds, Series 2017 (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the Borough duly adopted March 21, 2017 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

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 Bonds are valid and legally binding general obligations of the Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property within the Borough for the payment of the Bonds and the interest thereon 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 Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. 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, pursuant to Section 103(a) of the Code, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It is also our opinion that interest on the Bonds held by a corporate taxpayer is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, interest on the Bonds 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,

_____, 2017

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 \$4,347,097 Notes, Series 2017, consisting of a \$4,285,097 Bond Anticipation Note (the "Bond Anticipation Note") and a \$62,000 Special Emergency Note (the "Special Emergency Note" and, together with the Bond Anticipation Note, the "Notes") dated the date hereof. 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 Bond Anticipation 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 Bond Anticipation Note is a temporary obligation issued in anticipation of the issuance of bonds.

The Special Emergency Note is issued pursuant to the Local Budget Law of the State of New Jersey and by virtue of the 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 and the resolutions of the Borough listed in the Certificate of Determination and Award dated the date hereof, each in all respects duly approved. The Special Emergency Note is issued pursuant to N.J.S.A. 40A:4-55.

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 Bond Anticipation 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 Bond Anticipation 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.

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 Special Emergency Note is a valid and legally binding obligation of the Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable real property with the Borough for payment of the Special Emergency Note and the interest thereon 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 Notes in order to preserve the tax-exempt status of the Notes pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. 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, pursuant to Section 103(a) of the Code, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It is also our opinion that interest on the Notes held by a corporate taxpayer is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. We express no opinion regarding other federal tax consequences arising with respect to the Notes. Further, in our opinion, 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. 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,