

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 30, 2020

NEW ISSUE

NOT RATED

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Borough (as defined herein) with certain tax covenants described herein, under existing law, interest on the Notes (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. Based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

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

**\$5,193,000* BOND ANTICIPATION NOTES
(NON- CALLABLE) (BOOK-ENTRY ONLY) (BANK-QUALIFIED)**

Dated: April 22, 2020

Due: April 21, 2021

Rate of Interest: ___ %

Reoffering Yield: ___ %

CUSIP Number: _____

The \$5,193,000* Bond Anticipation Notes (the "Notes") of the Borough of Little Ferry, in the County of Bergen, New Jersey (the "Borough"), will be issued in the form of one certificate for the aggregate principal amount of the Notes and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository.

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

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

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

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

The Notes are offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey served as municipal advisor to the Borough in connection with the issuance of the Notes. Delivery is anticipated to be at the offices of the Borough's bond counsel, McManimon, Scotland & Baumann, LLC, Roseland, New Jersey or at such other place as agreed to with the Underwriter on or about April 22, 2020.

**ELECTRONIC BIDS VIA PARITY, SEALED WRITTEN PROPOSALS,
TELECOPIED PROPOSALS OR E-MAILED PROPOSALS
WILL BE RECEIVED BY PHOENIX ADVISORS, LLC,
MUNICIPAL ADVISOR TO THE BOROUGH, ON THE DATE, AT THE TIME
AND ACCORDING TO THE TERMS SET FORTH IN THE NOTICE OF SALE**

* Preliminary, subject to change

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

MAYOR

Mauro D. Raguseo

BOROUGH COUNCIL

Peggy Steinhilber – Council President

Ronald Anzalone

Jenifer Lange

Steve Lanum

George Muller

Thomas Sarlo

BOROUGH ADMINISTRATOR

Paula Cozzarelli

BOROUGH CLERK

Barbara Maldonado

CHIEF FINANCIAL OFFICER

Lori-Ann Beck

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Hackensack, New Jersey

BOROUGH AUDITOR

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

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

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

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

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Borough from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Notes described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Borough.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Borough since the date hereof or any earlier date as of which any information contained herein is given. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be used, in whole or in part, for any other purpose.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Borough.

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

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

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OFFICIAL STATEMENT
Relating to

\$5,193,000* BOND ANTICIPATION NOTES

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

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Little Ferry (the “Borough”), in the County of Bergen (the “County”), New Jersey (the “State”), in connection with the sale and the issuance of the \$5,193,000* Bond Anticipation Notes (the “Notes”). This Official Statement has been executed by and on behalf of the Borough by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”).

THE NOTES

General Description

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

Redemption

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

Book-Entry Only System

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

* Preliminary, subject to change

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

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

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

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

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

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

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

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

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

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

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

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

Discontinuation of Book-Entry Only System

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

AUTHORIZATION AND PURPOSE

Bond Anticipation Notes

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

<u>Ordinance No.</u>	<u>Description</u>	<u>Amount</u>
1426/1442	Various Capital Improvements	\$ 844,827
1433	Acquisition of Vehicles & Equipment	139,913
1435	Borough Hall Generator	196,393
1337/1444	Sanitary Sewer Improvements	28,965
1458/1473/1529	Various Capital Improvements	856,939
1461	Acquisition of Vehicles	107,442
1472/1480/1490/1497/1528	Various Road Improvements	1,062,023
1488/1492	Sanitary Sewer Public Improvements	198,389
1495	Various Road Improvements	369,475
1501	Various Road Improvements	220,265
1505	Various Park Improvements	200,995
1511/1519	Road and Stormwater Improvements	<u>967,374</u>
		<u>\$ 5,193,000</u>

The proceeds of the Notes will be used to (i) currently refund \$4,163,209 of the Borough's \$4,856,000 Bond Anticipation Notes maturing on April 23, 2020 (together with \$692,791 from the budget, cancellations and grant proceeds), (ii) finance \$1,029,791 of new money projects and (iii) pay the costs associated with the authorization, sale and issuance of the Notes.

SECURITY AND SOURCE OF PAYMENT

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

MARKET PROTECTION

The Borough does not expect to issue any bonds during the remainder of 2020. The Borough may issue additional bond anticipation notes during 2020 if needed.

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

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

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

The authorized bonded indebtedness of the Borough for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the boundaries of Borough, as annually determined by the State Director of Taxation is shown in Appendix "A".

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

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

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

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

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

The foundation of the New Jersey local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the "Director") prior to final adoption. The Local Budget Law requires each local unit to

appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

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

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

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

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

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

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

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

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

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

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund.

Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a “CAP” budget, no transfers may be made from excluded from “CAP” appropriations to within “CAPS” appropriations nor can transfers be made between excluded from “CAP” appropriations.

A provision of the law known as the New Jersey “Cap Law” (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the “Index Rate” if the index rate is greater than 2.5%. The “Index Rate” is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year’s appropriation and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years’ tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the “Cap Law” limits the obligation of the Borough to levy *ad valorem* taxes upon all taxable real property within the Borough to pay debt service on its bonds or notes, including the Notes.

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

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. But it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values. A re-evaluation of all property in the Borough was recently completed and effective since 2015. Beginning in 2016 and for each year thereafter, the Borough has conducted an annual reassessment of all property in the Borough.

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

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

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

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Borough must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Tax Board on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations, reserve for tax appeals, the current year's budget or a refunding bond ordinance.

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

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

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the report, together with all recommendations made, and must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2018 for the Borough is on file with the Clerk and is available for review during business hours.

LITIGATION

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

RECENT FINANCIAL DEVELOPMENTS

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China and has since spread to other countries, including the United States. While the effects of COVID-19 may be temporary, it appears to be altering the behavior of businesses and people in a manner that may have negative impacts on global and local economies. In addition, stock markets in the United States and globally have seen significant recent declines that have been attributed to COVID-19 concerns. While any direct impact of COVID-19 on the Borough, or the Note, is currently uncertain, the Borough is monitoring the spread and effects of COVID-19, and is working with other appropriate governmental agencies at all levels in this regard.

TAX MATTERS

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

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

Assuming the Borough observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC, Bond Counsel to the Borough, is of the opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing the alternative minimum tax.

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

regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

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

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

Original Issue Premium

The Notes may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Notes to a purchaser (other than a purchaser who holds such Notes as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable note premium, which is not deductible from gross income for federal income tax purposes. Amortizable note premium, as it amortizes, will reduce the owner's tax cost of the Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Notes. Accordingly, an owner of the Notes may have taxable gain from the original cost of acquiring the Notes. Note premium amortizes over the term of the Notes under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Notes should consult with their own tax advisors with respect to the calculation of the amount of note premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner with respect to other federal, state and local tax consequences of owning and disposing of the Notes.

Bank-Qualification

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

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

Additional Federal Income Tax Consequences of Holding the Notes

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits,

taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

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

Changes in Federal Tax Law Regarding the Notes

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

State Taxation

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

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

SECONDARY MARKET DISCLOSURE

The Borough has covenanted for the benefit of the Noteholders and the beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to the Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Specifically, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the Borough will provide in a timely manner, not in excess of ten business days after the occurrence of the event, to the Municipal Securities Rulemaking Board (the "MSRB"), notice of any of the following events with respect to the Notes:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-

- TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) Defeasances;
 - (10) Release, substitution, or sale of property securing repayment of the securities, if material;
 - (11) Rating changes;
 - (12) Bankruptcy, insolvency, receivership or similar event of the Borough;
 - (13) The consummation of a merger, consolidation, or acquisition involving the Borough or the sale of all or substantially all of the assets of the Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
 - (15) Incurrence of a financial obligation of the Borough, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borough, any of which affect Noteholders, if material; and
 - (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borough, any of which reflect financial difficulties. The Borough intends the words used in paragraphs (15) and (16) and the definition of "financial obligation" to have the meanings ascribed to them in SEC Release No. 34-83885 (August 20, 2018).

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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

DAC has been the Borough's dissemination agent since 2014 in order to ensure compliance with its continuing disclosure obligations.

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

MUNICIPAL BANKRUPTCY

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

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

APPROVAL OF LEGAL PROCEEDINGS

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

MUNICIPAL ADVISOR

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

UNDERWRITING

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

PREPARATION OF OFFICIAL STATEMENT

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

Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey (the “Auditor”), has reviewed certain financial and statistical information contained in this Official Statement and has compared it to the Borough's audited financial statements. The Auditor has not verified the accuracy of other information or the completeness and fairness of that and other information contained herein, and accordingly, expresses no opinion with respect thereto. However, the Auditor takes 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”. The unaudited financial data was extracted from the Borough’s 2019 Annual Financial Statement as filed by the Borough.

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.

Neither McManimon, Scotland & Baumann, LLC nor the Municipal Advisor have 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, express no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to either Lori-Ann Beck, Chief Financial Officer, Borough of Little Ferry, 215-217 Liberty Street, Little Ferry, New Jersey 07643, telephone number (201) 641-9234 or Phoenix Advisors, LLC, 625 Farnsworth Avenue, Bordentown, New Jersey 08505, telephone number (609) 291-0130.

MISCELLANEOUS

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

BOROUGH OF LITTLE FERRY

By: _____
Lori-Ann Beck
Chief Financial Officer

Dated: April __, 2020

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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-six (25) regular officers including three (3) detectives and one (1) School Resource Officer, and operates four (4) unmarked vehicles, eleven (11) marked SUVs, two (2) Patrol Bikes, and a Chief's Vehicle.

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 baseball, softball, football and soccer 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 educates students in grades Pre-K to 8th. Students in grades 9-12 are sent to Ridgefield Park Junior-Senior High School located in the neighboring Village of Ridgefield Park.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

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

<u>Area</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018</u>
Borough	9,064	9,399	9,989	10,800	10,602	10,822
County	897,148	845,385	825,380	884,118	896,482	948,406
State	7,171,112	7,364,823	7,730,188	8,414,350	8,721,577	9,005,644

Source: U.S. Census Bureau.

Income as of 2017

	Median Household Income	Median Family Income	Per Capita Income
Borough	\$61,341	\$74,800	\$32,691
County	88,487	107,465	44,978
State	73,702	90,757	37,538

Source: U.S. Census Bureau, 2013-2017 American Community Survey.

Labor Force, Employment and Unemployment

The New Jersey Department of Labor reported the following annual average employment information for the Borough, the County and the State:

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
<u>Borough</u>				
2018	6,142	5,919	223	3.6%
2017	6,312	6,051	261	4.1%
2016	6,350	6,069	281	4.4%
2015	6,345	6,036	309	4.9%
2014	6,320	5,932	388	6.1%
<u>County of Bergen</u>				
2018	472,001	455,773	16,228	3.4%
2017	483,324	464,527	18,797	3.9%
2016	484,167	463,988	20,179	4.2%
2015	485,316	463,223	22,093	4.6%
2014	479,448	453,688	25,760	5.4%
<u>State of New Jersey</u>				
2018	4,422,900	4,239,600	183,300	4.1%
2017	4,518,800	4,309,700	209,100	4.6%
2016	4,524,300	4,299,900	224,400	5.0%
2015	4,530,500	4,267,900	262,600	5.8%
2014	4,518,700	4,218,400	300,300	6.6%

Source: New Jersey Department of Labor

BUDGET INFORMATION

**Current Fund
(As Adopted)**

	<u>2020 (1)</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Anticipated Revenues					
Fund Balance	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000
Miscellaneous Revenues	2,156,104	2,212,112	2,217,867	2,072,796	2,035,025
Receipts from Delinquent Taxes	738,800	760,000	800,000	800,000	800,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>12,556,889</u>	<u>12,435,013</u>	<u>12,327,440</u>	<u>12,230,205</u>	<u>12,085,097</u>
	<u>\$ 17,151,793</u>	<u>\$ 17,107,125</u>	<u>\$ 17,045,307</u>	<u>\$ 16,803,001</u>	<u>\$ 16,620,122</u>
Appropriations					
Salaries and Wages	\$ 5,438,918	\$ 5,370,758	\$ 5,447,698	\$ 5,250,150	\$ 5,127,253
Other Expenses	7,195,954	7,151,583	7,140,415	7,246,724	7,087,106
Deferred Charges and Statutory Expenditures	1,454,294	1,513,041	1,264,971	1,199,929	1,665,163
Transfer to BOE for Use of Local School	76,414	76,414	76,105	75,951	77,075
Capital Improvement Fund	500,000	500,000	500,000	500,000	500,000
Municipal Debt Service	1,386,213	1,395,329	1,516,118	1,430,247	1,063,525
Reserve for Uncollected Taxes	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>
	<u>\$ 17,151,793</u>	<u>\$ 17,107,125</u>	<u>\$ 17,045,307</u>	<u>\$ 16,803,001</u>	<u>\$ 16,620,122</u>

(1) Budget as introduced.

Source: Borough Adopted Budgets and 2020 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>	
2019 (Unaudited)	\$4,360,604	\$1,700,000	(1)
2018	3,660,872	1,700,000	
2017	3,069,954	1,700,000	
2016	2,703,694	1,700,000	
2015	2,312,703	1,700,000	

(1) Budget as introduced

Source: Borough Annual Audit Reports and 2019 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>
2019 (Unaudited)	\$ 34,520,767	\$ 33,767,012	97.81%
2018	33,899,988	33,119,620	97.69%
2017	33,693,361	32,826,960	97.42%
2016	33,111,905	32,259,887	97.42%
2015	32,318,288	31,485,519	97.42%

Source: Borough Annual Audit Reports and 2019 Annual Financial Statement.

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2019 (Unaudited)	\$ 26,740	\$728,269	\$755,009	2.19%
2018	5,969	759,923	765,892	2.26%
2017	-	833,199	833,199	2.47%
2016	-	839,000	839,000	2.53%
2015	-	819,886	819,886	2.54%

Source: Borough Annual Audit Reports and 2019 Annual Financial Statement.

Assessed Valuation of Property Owned by the Borough Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2019 (Unaudited)	\$1,062,600
2018	1,062,600
2017	1,062,600
2016	1,062,600
2015	1,062,600

Source: Borough Annual Audit Reports and 2019 Annual Financial Statement.

Ten Largest Taxpayers

The ten largest taxpayers in the Borough and their 2020 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>	<u>% of Total Assessed Valuation</u>
Dassault Falcon Jet Corp	\$40,121,000	3.80%
Waterside Plaza Apts. Associates	34,038,900	3.22%
Liberty Bell Village, LLC	18,000,000	1.70%
North Village II LLC NJ	17,463,300	1.65%
Gates Realty Corp.	16,926,000	1.60%
250 Little Ferry TL LLC	12,500,000	1.18%
Gates Bros	12,233,500	1.16%
North Village I LLC NJ	11,694,900	1.11%
100 Industrial Ave LLC	11,498,000	1.09%
Gates Bros	11,377,400	1.08%
Total	\$ 185,853,000	17.59%

Source: Tax Assessor.

Assessed Valuation Land Improvements by Class (1)

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u>
2020	\$ 9,557,500	\$ 657,008,400	\$ 147,529,600	\$ 148,283,400	\$ 127,815,400	\$ 1,090,194,300
2019	9,486,400	639,326,700	139,619,200	146,175,700	121,639,300	1,056,247,300
2018	6,849,400	624,584,600	137,556,200	137,169,400	119,871,000	1,026,030,600
2017	6,830,500	614,777,600	135,188,700	130,160,300	120,879,600	1,007,836,700
2016	7,156,000	603,758,700	133,863,900	126,419,500	115,442,700	986,640,800

⁽¹⁾ Borough conducts an annual reassessment program each year.

Source: Tax Duplicate.

Assessed Valuations Net Valuation Taxable (1)

<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>
2020	\$1,090,194,300	\$100,000	\$1,090,294,300	N/A	N/A
2019	1,056,247,300	100,000	1,056,347,300	98.05%	\$ 1,080,651,310
2018	1,026,030,600	98,530	1,026,129,130	100.83%	1,020,989,461
2017	1,007,836,700	98,530	1,007,935,230	99.36%	1,017,766,396
2016	986,640,800	98,530	986,739,330	98.05%	1,009,849,035

⁽¹⁾ Borough conducts an annual reassessment program each year.
N/A/ - Not Available

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⁾
2019	\$3.260	\$1.176	\$1.834	\$0.250
2018	3.301	1.201	1.859	0.241
2017	3.341	1.213	1.874	0.254
2016	3.352	1.225	1.876	0.251
2015	3.349	1.213	1.882	0.254

⁽¹⁾ Includes County Open Space

Source: Tax Collector.

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

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u> ⁽¹⁾
2019 (Unaudited)	\$ 34,520,767	\$ 12,520,336	\$ 19,361,361	\$ 2,639,070
2018	33,899,988	12,358,131	19,074,412	2,467,445
2017	33,693,361	12,255,225	18,884,957	2,553,179
2016	33,111,905	12,125,161	18,512,051	2,474,693
2015	32,318,288	11,726,342	18,147,559	2,444,387

⁽¹⁾ Includes County Open Space

Source: Tax Collector and 2019 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, 2019 (Unaudited)

Municipal		
Equalized Valuation Basis (last 3 years average)	\$	1,092,671,540
3 1/2% Borrowing Margin		38,243,504
Net Debt Issued, Outstanding and Authorized		14,411,151
Remaining Municipal Borrowing Capacity		23,832,353
Local School		
3% Borrowing Margin		32,780,146
Debt Issued, Outstanding and Authorized		-
Remaining School Borrowing Capacity		32,780,146

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>
2019 (Unaudited)	\$ 14,463,439	\$ 14,411,151	1.32%
2018	16,526,733	16,193,436	1.55%
2017	17,482,820	15,462,978	1.52%
2016	18,490,827	17,337,550	1.66%
2015	18,376,786	17,853,705	1.62%

Source: Borough Annual Audit Reports and 2019 Annual Debt Statement.

Statement of Indebtedness
As of December 31, 2019 (Unaudited)

GENERAL PURPOSES

Bonds Issued and Outstanding	\$	7,090,000
Bond Anticipation Notes		4,856,000
Loans		126,717
Bonds and Notes Authorized But Not Issued		<u>2,390,722</u>

TOTAL GROSS DEBT \$ 14,463,439

STATUTORY DEDUCTIONS

Municipal Purpose		<u>52,288</u>
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TOTAL NET DEBT \$ 14,411,151

OVERLAPPING DEBT

County of Bergen (Note 1)	\$	8,261,925
Bergen County Utilities Authority (Note 2)		<u>3,206,371</u>

TOTAL OVERLAPPING DEBT \$ 11,468,296

GROSS DEBT

Per Capita (2018 Estimate - 10,822)	\$	1,336
Percent of Net Valuation Taxable (2019 - \$1,056,347,300)		1.37%
Percent of Estimated True Value of Real Property (2019 - \$1,080,651,310)		1.34%

NET MUNICIPAL DEBT

Per Capita (2018 Estimate - 10,822)	\$	1,332
Percent of Net Valuation Taxable (2019 - \$1,056,347,300)		1.36%
Percent of Estimated True Value of Real Property (2019 - \$1,080,651,310)		1.33%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2018 Estimate - 10,822)	\$	2,396
Percent of Net Valuation Taxable (2019 - \$1,056,347,300)		2.45%
Percent of Estimated True Value of Real Property (2019 - \$1,080,651,310)		2.40%

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 2019 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

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

Source: Borough 2019 Annual Debt Statement.

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APPENDIX B

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

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**UNAUDITED FINANCIAL DATA OF THE BOROUGH OF LITTLE FERRY
FOR THE YEAR ENDED DECEMBER 31, 2019**

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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
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ANDREW D. PARENTE, CPA, RMA, PSA

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

ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying balance sheets – regulatory basis of the various funds and account group of the Borough of Little Ferry, as of December 31, 2019 and the related statement of operations and changes in fund balance – regulatory basis, the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the various funds for the year then ended in accordance with the regulatory basis of accounting. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements – regulatory basis nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the financial and accounting reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the regulatory basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Borough's assets, liabilities, fund balances, revenues and expenditures. Accordingly, the financial statements are not designed for those who are not informed about such matters.

By/s/

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

Fair Lawn, New Jersey
March 23, 2020

BOROUGH OF LITTLE FERRY
BALANCE SHEET - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2019 (UNAUDITED)

	<u>2019</u>
ASSETS	
Cash	\$ 13,896,720
Grants Receivable	9,264
Due from State- Senior Citizens and Veterans Deductions	<u>6,874</u>
	<u>13,912,858</u>
Receivables and Other Assets with Full Reserves	
Delinquent Property Taxes Receivable	728,269
Tax Title Liens Receivable	26,740
Property Acquired for Taxes - Assessed Valuation	<u>1,062,600</u>
	<u>1,817,609</u>
Total Assets	<u>\$ 15,730,467</u>

**BOROUGH OF LITTLE FERRY
BALANCE SHEET - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2019 (UNAUDITED)**

2019

LIABILITIES, RESERVES AND FUND BALANCE

Liabilities

Appropriation Reserves	\$ 1,839,864
Encumbrances Payable	445,957
Accounts Payable	15,000
Miscellaneous Deposits and Reserves	31,338
Local School District Taxes Payable	3,082,993
Prepaid Taxes	751,472
Reserve for Tax Appeals	309,243
Reserve for Grants Appropriated	96,186
Reserve for Tax Rate Stabilization	2,450,000
Tax Overpayments	46,290
Due to Length of Service Awards Program (LOSAP) Trust Fund	110,000
Due to Other Trust Fund	<u>373,911</u>
	9,552,254
Reserve for Receivables	1,817,609
Fund Balance	<u>4,360,604</u>
Total Liabilities, Reserves and Fund Balance	<u><u>\$ 15,730,467</u></u>

BOROUGH OF LITTLE FERRY
STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

	<u>2019</u>
REVENUE AND OTHER INCOME REALIZED	
Fund Balance Utilized	\$ 1,700,000
Miscellaneous Revenue Anticipated	2,242,314
Receipts from Delinquent Taxes	747,234
Receipts from Current Taxes	33,767,012
Non-Budget Revenue	583,569
Other Credits to Income	
Interfunds Returned	8,784
Cancelled Accounts Payable	8,226
Cancelled Tax Overpayments	5,711
Unexpended Balance of Appropriation Reserves	<u>1,364,393</u>
 Total Revenues	 <u>40,427,243</u>
EXPENDITURES	
Operations	
Salaries and Wages	5,382,051
Other Expenses	7,159,187
Deferred Charges and Statutory	
Expenditures - Municipal	1,513,070
Capital Improvements	500,000
Municipal Debt Service	1,395,328
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	76,414
County Taxes Payable	2,632,065
Due County for Added and Omitted Taxes	7,005
Local District School Taxes Payable	19,361,361
Other Debits to Income	
Refund Prior Year Revenue	<u>1,030</u>
 Total Expenditures	 <u>38,027,511</u>
 Statutory Excess to Fund Balance	 2,399,732
 Fund Balance, January 1	 <u>3,660,872</u>
	6,060,604
Decreased by:	
Utilization as Anticipated Revenue	<u>1,700,000</u>
 Fund Balance, December 31	 <u>\$ 4,360,604</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF LITTLE FERRY
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)**

	Anticipated <u>Budget</u>	Added by N.J.S. <u>40A:4-87</u>	<u>Realized</u>	Excess or <u>(Deficit)</u>
FUND BALANCE ANTICIPATED	\$ 1,700,000	-	\$ 1,700,000	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	35,300		35,376	\$ 76
Other	52,500		49,230	(3,270)
Fees and Permits	17,000		35,214	18,214
Fines and Costs				
Municipal Court	144,000		146,112	2,112
Interest and Costs on Taxes	180,000		179,554	(446)
Energy Receipts Tax	933,313		933,313	
Consolidated Municipal Property Tax Relief Act	5,036		5,036	
Uniform Fire Safety Act	20,000		31,827	11,827
Uniform Construction Code Fees	260,000		202,142	(57,858)
State and Federal Revenues Offset with				
Appropriations				
Municipal Recycling Assistance	11,835		11,835	
Clean Communities		\$ 18,928	18,928	
Body Armor Grant	2,866		2,866	
Municipal Alliance	9,876		9,876	
Other Special Items:				
Reserve for Payment of Debt	80,100		80,100	
Hotel Tax	68,000		80,857	12,857
Cell Tower Rents	46,000		48,191	2,191
Summer Recreation	55,000		75,571	20,571
Shared Service Agreement - Bogota Court	72,724		72,724	
Shared Service Agreement - Tenafly-Registrar	20,808		20,808	
Shared Service Agreement- School Resource Office	47,754		47,754	-
Interlocal Agreement - BCUA	150,000	-	155,000	5,000
	<u>2,212,112</u>	<u>18,928</u>	<u>2,242,314</u>	<u>11,274</u>
RECEIPTS FROM DELINQUENT TAXES	<u>760,000</u>	<u>-</u>	<u>747,234</u>	<u>(12,766)</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax For Municipal Purposes	12,068,763		12,500,331	431,568
Minimum Library Tax	366,250	-	366,250	-
	<u>12,435,013</u>	<u>-</u>	<u>12,866,581</u>	<u>431,568</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>12,435,013</u>	<u>-</u>	<u>12,866,581</u>	<u>431,568</u>
Total General Revenues	<u>\$ 17,107,125</u>	<u>\$ 18,928</u>	17,556,129	<u>\$ 430,076</u>
Non-Budget Revenue			<u>583,569</u>	
			<u>\$ 18,139,698</u>	

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

	<u>2019 Appropriations</u>		<u>2019 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 143,365	\$ 145,675	\$ 145,666	\$ 9	
Other Expenses - Postage	23,500	23,650	23,606	44	
Other Expenses - Miscellaneous	199,740	199,740	151,524	48,216	
CDL Drug Testing	5,000	5,000		5,000	
Mayor & Council					
Salaries & Wages	35,950	35,950	35,950	-	
Other Expenses	8,900	8,900	7,006	1,894	
Municipal Clerk					
Salaries & Wages	83,412	83,713	83,712	1	
Other Expenses	19,725	19,725	13,340	6,385	
Other Expenses - Elections	8,250	8,250	6,611	1,639	
Financial Administration (Treasury)					
Salaries & Wages	131,101	131,101	121,201	9,900	
Other Expenses	46,000	46,000	33,317	12,683	
Audit Services					
Other Expenses	46,000	46,000	44,800	1,200	
Revenue Administration (Tax Collection)					
Salaries & Wages	48,454	48,655	48,654	1	
Other Expenses	13,750	13,750	2,429	11,321	
Assessment of Taxes					
Salaries & Wages	19,873	19,873	17,182	2,691	
Other Expenses	67,425	67,425	37,542	29,883	
Legal Services & Costs					
Other Expenses - Fees and Costs	100,000	100,000	96,481	3,519	
Other Expenses - Special Counsel	15,000	15,000		15,000	
Engineering Services & Costs					
Other Expenses	30,000	30,000	15,032	14,968	
Historic Society					
Other Expenses	100	100		100	
Planning Board/ Zoning Board					
Salaries & Wages	5,571	5,571	5,425	146	
Other Expenses	17,600	17,600	13,187	4,413	
Insurance					
General Liability	463,253	463,253	425,549	37,704	
Employee Group Health	1,968,008	1,933,233	1,239,549	693,684	
PUBLIC SAFETY					
Aid to Volunteer Ambulance First Aid Squad					
Fire					
Salaries & Wages	8,890	8,890	8,890	-	
Salaries & Wages - Uniform Fire Safety	25,494	25,494	24,106	1,388	
Other Expenses - Clothing Allowance	58,140	58,140		58,140	
Other Expenses - Miscellaneous	61,650	61,650	56,266	5,384	
Other Expenses - Uniform Fire Safety	23,400	23,400	15,792	7,608	
Other Expenses - Fire Hydrant Services	100,000	100,000	92,852	7,148	

**BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)**

	<u>2019 Appropriations</u>		<u>2019 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY (Cont'd)					
Police					
Salaries & Wages	\$ 3,409,085	\$ 3,409,085	\$ 3,141,921	\$ 267,164	
Other Expenses - Miscellaneous	137,282	137,282	119,154	18,128	
Office of Emergency Management					
Other Expenses	25,500	25,600	24,949	651	
PUBLIC WORKS					
Streets & Roads Maintenance					
Salaries & Wages	898,278	898,278	872,882	25,396	
Other Expenses	105,870	105,870	70,603	35,267	
Other Public Works Functions					
Other Expenses - Sewer System	52,600	52,600	3,641	48,959	
Other Expenses - Drainage	45,000	55,100	55,049	51	
Other Expenses - Beautification Comm.	4,800	9,300	9,272	28	
Waste Collection					
Other Expenses	350,000	350,000	289,599	60,401	
Buildings and Grounds					
Salaries & Wages	28,560	29,395	29,371	24	
Other Expenses	101,200	101,200	78,231	22,969	
Other Expenses - Environmental Testing	3,000	3,000	3,000	-	
Vehicle Maintenance					
Other Expenses	80,000	80,000	58,620	21,380	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	8,489	8,490	8,490	-	
Other Expenses	62,350	62,350	59,904	2,446	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries & Wages	31,000	31,145	31,140	5	
Other Expenses	78,750	78,750	52,144	26,606	
Maintenance of Parks and Playgrounds					
Other Expenses	33,300	33,300	17,491	15,809	
OTHER COMMON OPERATING FUNCTIONS					
Salary & Wage Adjustment	40,000	40,000		40,000	
Senior Citizen Program					
Other Expenses	7,100	7,100	3,946	3,154	
Senior Citizen / Community Busing					
Salaries & Wages	2,500	2,500		2,500	
Municipal Court					
Salaries and Wages	54,175	54,175	54,175	-	
Other Expenses	24,850	24,850	11,599	13,251	

**BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)**

	<u>2019 Appropriations</u>		<u>2019 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
OTHER COMMON OPERATING FUNCTIONS (Cont'd)					
Uniform Construction Code Enforcement Functions					
Appropriations Offset by Dedicated					
Revenues (N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Uniform Construction Code Enforcement Functions					
Construction Code Official					
Salaries & Wages	\$ 110,275	\$ 117,775	\$ 117,326	\$ 449	
Other Expenses	10,650	10,650	2,021	8,629	
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	199,782	15,218	
Street Lighting	135,000	135,000	108,375	26,625	
Telephone	26,000	29,100	29,072	28	
Water	17,000	17,000	16,575	425	
Gasoline	140,000	140,000	60,282	79,718	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Garbage - Tipping Fees	300,000	300,000	249,400	50,600	
Recycling - Leaf Disposal	55,000	55,000	27,725	27,275	-
Total Operations Within "CAPS"	<u>10,390,315</u>	<u>10,384,783</u>	<u>8,591,408</u>	<u>1,793,375</u>	<u>-</u>
Detail:					
Salaries & Wages	5,084,472	5,095,765	4,746,091	349,674	-
Other Expenses	5,305,843	5,289,018	3,845,317	1,443,701	-
DEFERRED CHARGES / REGULATORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deferred Charges					
Prior Year Bills					
Pitney Bowes	1,190	1,190	1,189		1
VIP Car Wash	18	18	18		
Statutory Charges					
Social Security System (O.A.S.I.)	215,000	215,000	202,010	12,990	
Public Employees Retirement System	233,763	233,793	233,791	2	
Consolidated Police & Fire Retirement System	100	100		100	
Police & Firemens' Retirement System	943,719	943,719	943,719	-	
Pension Adjustment Fund	100	100		100	
Defined Contribution Retirement Program	9,000	9,000	6,349	2,651	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>1,402,890</u>	<u>1,402,920</u>	<u>1,387,076</u>	<u>15,843</u>	<u>1</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>11,793,205</u>	<u>11,787,703</u>	<u>9,978,484</u>	<u>1,809,218</u>	<u>1</u>

**BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)**

	<u>2019 Appropriations</u>		<u>2019 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"					
Educational Functions					
Maintenance of Free Public Library (P.L.1985 C.82)	366,250	366,250	348,279	17,971	
Sewerage Processing and Disposal Costs					
Bergen County Utilities Authority - Operation and Maintenance	945,179	945,180	945,179	1	
Bergen County Utilities Authority - Debt Service	315,134	315,134	315,134	-	
South Hackensack Sewer Charges	21,600	27,100	27,039	61	
Recycling Tax	15,000	15,000	15,000	-	
Reserve for Tax Appeals	40,000	40,000	40,000	-	
Public Safety Functions					
LOSAP- Fire Dept.	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	-	-
Total Other Operations Excluded from "CAPS"	<u>1,813,163</u>	<u>1,818,664</u>	<u>1,800,631</u>	<u>18,033</u>	-
Interlocal Municipal Services Agreement					
Bergen County Utilities Authority Salaries & Wages	150,000	150,000	150,000		
Tenafly Registrar Shared Services					
Salaries & Wages	20,808	20,808	10,200	10,608	
Bogota Shared Services					
Salaries & Wages	67,724	67,724	67,724	-	
Other Expenses	5,000	5,000	2,995	2,005	-
School Resource Officer	<u>47,754</u>	<u>47,754</u>	<u>47,754</u>	-	-
Total Interlocal Municipal Service Agreements	<u>291,286</u>	<u>291,286</u>	<u>278,673</u>	<u>12,613</u>	-
Public and Private Programs Offset by Revenues					
Body Armor Replacement Program	2,866	2,866	2,866		
Municipal Alliance	9,876	9,876	9,876		
Municipal Alliance- Local Match	3,000	3,000	3,000		
Clean Communities		18,928	18,928	-	-
Municipal Recycling Assistance	<u>11,835</u>	<u>11,835</u>	<u>11,835</u>	-	-
Total Public and Private Programs Offset by Revenues	<u>27,577</u>	<u>46,505</u>	<u>46,505</u>	-	-
Total Operations Excluded from "CAPS"	<u>2,132,026</u>	<u>2,156,455</u>	<u>2,125,809</u>	<u>30,646</u>	-
Detail:					
Salaries & Wages	286,286	286,286	275,678	10,608	-
Other Expenses	<u>1,845,740</u>	<u>1,870,169</u>	<u>1,850,131</u>	<u>20,038</u>	-

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

	<u>2019 Appropriations</u>		<u>2019 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (CONT'D.)					
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 500,000	\$ 500,000	\$ 500,000	-	-
Total Capital Improvements Excluded from "CAPS"	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	890,000	890,000	890,000		
Payment of Bond Anticipation Notes	137,932	137,932	137,932		
Interest on Bonds	229,112	229,113	229,113		
Interest on Notes	119,896	119,896	119,896		
Green Trust Loan Repayments - Princ. & Interest	<u>18,389</u>	<u>18,389</u>	<u>18,387</u>	-	\$ 2
Total Municipal Debt Service Excluded from "CAPS"	<u>1,395,329</u>	<u>1,395,330</u>	<u>1,395,328</u>	-	<u>2</u>
DEFERRED CHARGES - Excluded from CAPS					
Special Emergency (5 years)	26,000	26,000	26,000	-	-
Cancelled Capital Grant Receivable	3,500	3,500	3,500	-	-
Unfunded General Capital Ordinances- Ord. 1283/1330/1369 & Ord. 1389	<u>80,651</u>	<u>80,651</u>	<u>80,651</u>	-	-
Total Deferred Charges- Excluded from "CAPS"	<u>110,151</u>	<u>110,151</u>	<u>110,151</u>	-	-
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	<u>76,414</u>	<u>76,414</u>	<u>76,414</u>	-	-
Total General Appropriations Excluded from "CAPS"	<u>4,213,920</u>	<u>4,238,350</u>	<u>4,207,702</u>	\$ 30,646	<u>2</u>
Subtotal General Appropriations	16,007,125	16,026,053	14,186,186	1,839,864	3
Reserve for Uncollected Taxes	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	-	-
Total General Appropriations	<u>\$ 17,107,125</u>	<u>\$ 17,126,053</u>	<u>\$ 15,286,186</u>	<u>\$ 1,839,864</u>	<u>\$ 3</u>
Budget as Adopted		\$ 17,107,125			
Added by 40A:4-87		<u>18,928</u>			
		<u>\$ 17,126,053</u>			

**BOROUGH OF LITTLE FERRY
BALANCE SHEET - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2019 (UNAUDITED)**

	<u>2019</u>
ASSETS	
ANIMAL CONTROL FUND	
Cash	\$ <u>7,579</u>
	<u>7,579</u>
OTHER TRUST FUND	
Cash	506,797
Due from Current Fund	<u>373,911</u>
	<u>880,708</u>
COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND	
Cash	100
Due from Other Trust Fund	<u>100</u>
	<u>200</u>
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND	
Cash	<u>35,225</u>
	<u>35,225</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND-(LOSAP)-(UNAUDITED)	
Investments	1,495,309
Due from Current Fund	<u>110,000</u>
	<u>1,605,309</u>
Total Assets	<u>\$ 2,529,021</u>

**BOROUGH OF LITTLE FERRY
BALANCE SHEET - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2019 (UNAUDITED)**

2019

LIABILITIES, RESERVES AND FUND BALANCE

ANIMAL CONTROL FUND

Reserve for Animal Control Fund Expenditures	\$ <u>7,579</u>
	<u>7,579</u>

OTHER TRUST FUND

Escrow and Miscellaneous Deposits	306,673
Payroll Deductions Payable	4,513
Reserve for POAA	8,914
Reserve for Municipal Alliance Fund	70
Reserve for Recreation Fees	65,498
Reserve for Accumulated Leave Compensation	373,944
Reserve for Affordable Housing	120,996
Due to Community Development Trust Fund	<u>100</u>
	<u>880,708</u>

COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND

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

UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND

Reserve for Expenditures	<u>35,225</u>
	<u>35,225</u>

**LENGTH OF SERVICE AWARDS PROGRAM
TRUST FUND (LOSAP) (UNAUDITED)**

Reserve for LOSAP Benefits	<u>1,605,309</u>
----------------------------	------------------

Total Liabilities, Reserves and Fund Balance	<u>\$ 2,529,021</u>
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**BOROUGH OF LITTLE FERRY
BALANCE SHEET - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2019 (UNAUDITED)**

	<u>2019</u>
ASSETS	
Cash	\$ 1,707,119
Grants Receivable	434,267
Deferred Charges to Future Taxation	
Funded	7,216,717
Unfunded	7,246,722
Due from Community Development Trust Fund	<u>200</u>
 Total Assets	 <u>\$ 16,605,025</u>
 LIABILITIES, RESERVES AND FUND BALANCE	
General Serial Bonds Payable	\$ 7,090,000
Bond Anticipation Notes Payable	4,856,000
Green Acres Loan Payable	126,717
Improvement Authorizations	
Funded	403,056
Unfunded	1,788,279
Encumbrances/Contracts Payable	767,800
Reserve for Grants Receivable	434,267
Reserve for Payment of Debt	52,288
Resere for Field Improvements	23,027
Capital Improvement Fund	579,701
Fund Balance	<u>483,890</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 16,605,025</u>

There were bonds and notes authorized but not issued at December 31, 2019 amounting to \$2,390,722.

BOROUGH OF LITTLE FERRY
STATEMENT OF CHANGE IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019 (UNAUDITED)

	<u>2019</u>
Balance, January 1	\$ 408,066
Increased by:	
Premium on Sale of Bonds and Notes	45,454
Funded Improvement Authorizations Cancelled	<u>30,370</u>
Balance, December 31	<u>\$ 483,890</u>

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS OF THE BOROUGH OF LITTLE FERRY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Little Ferry, as of December 31, 2018 and 2017, and the related statements of operations and changes in fund balance - regulatory basis, the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Little Ferry as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 18 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2018 and 2017. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 58 percent and 57 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2018 and 2017.

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, 2018 and 2017, and the results of operations and changes in fund balance – regulatory basis of such funds, the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the years then ended in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated July 17, 2019 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 the effectiveness of the Borough of Little Ferry's 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
July 17, 2019

**BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 10,304,790	\$ 9,997,304
Grants Receivable	<u>6,245</u>	<u>81,600</u>
	<u>10,311,035</u>	<u>10,078,904</u>
Receivables and Other Assets with Full Reserves		
Delinquent Property Taxes Receivable	759,923	833,199
Tax Title Liens Receivable	5,969	
Property Acquired for Taxes - Assessed Valuation	1,062,600	1,062,600
Revenue Accounts Receivable	10,564	9,973
Due from General Capital Fund	-	217
Due from Animal Control Fund	<u>8,784</u>	<u>6,241</u>
	<u>1,847,840</u>	<u>1,912,230</u>
Deferred Charges		
Special Emergency Authorization	<u>26,000</u>	<u>62,000</u>
	<u>26,000</u>	<u>62,000</u>
 Total Assets	 <u>\$ 12,184,875</u>	 <u>\$ 12,053,134</u>

BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Liabilities		
Appropriation Reserves	\$ 1,555,058	\$ 1,321,466
Encumbrances Payable	406,890	475,561
Accounts Payable	8,226	8,226
Due to State - Senior Citizens and Veterans Deductions	7,547	13,099
Miscellaneous Deposits and Reserves	31,338	31,338
Due to State- Marriage Licenses	-	395
Due to State- DCA Training Fees Payable	-	716
Local School District Taxes Payable	3,083,745	2,997,589
Prepaid Taxes	689,393	1,076,809
Reserve for Tax Appeals	336,733	385,676
Reserve for Grants Appropriated	75,815	124,476
Reserve for Grants - Unappropriated		3,098
Special Emergency Note Payable		62,000
Tax Overpayments	6,502	12,466
Due to General Capital Fund	15,809	
Due to Length of Service Awards Program (LOSAP) Trust Fund	83,300	94,494
Due to Other Trust Fund	<u>375,807</u>	<u>463,541</u>
	6,676,163	7,070,950
Reserve for Receivables	1,847,840	1,912,230
Fund Balance	<u>3,660,872</u>	<u>3,069,954</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 12,184,875</u>	<u>\$ 12,053,134</u>

BOROUGH OF LITTLE FERRY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 1,700,000	\$ 1,700,000
Miscellaneous Revenue Anticipated	2,474,025	2,273,603
Receipts from Delinquent Taxes	815,503	839,067
Receipts from Current Taxes	33,119,620	32,576,960
Non-Budget Revenue	499,349	386,496
Other Credits to Income		
Statutory Excess - Animal Control	2,543	3,019
Interfunds Returned	217	
Cancel Accounts Payable		69,900
Cancelled Appropriated Grant Reserve	4,243	
Unexpended Balance of Appropriation Reserves	<u>1,214,786</u>	<u>1,351,744</u>
 Total Revenues	 <u>39,830,286</u>	 <u>39,200,789</u>
EXPENDITURES		
Operations		
Salaries and Wages	5,453,090	5,357,426
Other Expenses	7,148,278	7,160,455
Deferred Charges and Statutory		
Expenditures - Municipal	1,271,773	1,212,429
Capital Improvements	500,000	500,000
Municipal Debt Service	1,516,118	1,384,115
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	76,105	75,951
County Taxes Payable	2,465,420	2,551,792
Due County for Added and Omitted Taxes	2,025	1,387
Local District School Taxes Payable	19,074,412	18,884,957
Other Debits to Income		
Establish Reserve for Interfunds	2,543	3,052
Cancelled Due to State Taxation Audit	2,849	837
Cancelled Grant Receivable Balances	10,365	
Refund Prior Year Revenue	<u>16,390</u>	<u>2,128</u>
 Total Expenditures	 <u>37,539,368</u>	 <u>37,134,529</u>
 Statutory Excess to Fund Balance	 2,290,918	 2,066,260
 Fund Balance, January 1	 <u>3,069,954</u>	 <u>2,703,694</u>
	5,360,872	4,769,954
Decreased by:		
Utilization as Anticipated Revenue	<u>1,700,000</u>	<u>1,700,000</u>
 Fund Balance, December 31	 <u>\$ 3,660,872</u>	 <u>\$ 3,069,954</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF LITTLE FERRY
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>		<u>2017</u>	
	<u>Budget After</u>		<u>Budget After</u>	
	<u>Modification</u>	<u>Realized</u>	<u>Modification</u>	<u>Realized</u>
FUND BALANCE ANTICIPATED	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	35,300	35,876	35,300	35,876
Other	53,000	52,792	53,000	60,736
Fees and Permits	17,000	14,919	17,000	19,736
Fines and Costs				
Municipal Court	180,000	144,151	191,000	184,306
Interest and Costs on Taxes	180,000	213,306	180,000	205,474
Energy Receipts Tax	896,926	896,926	873,207	873,207
Consolidated Municipal Property Tax Relief Act	41,423	41,423	65,142	65,142
Uniform Fire Safety Act	20,000	33,332	30,000	22,043
Uniform Construction Code Fees	180,000	382,049	150,000	262,012
State and Federal Revenues Offset with				
Appropriations				
Clean Communities	16,962	16,962	17,721	17,721
Body Armor Grant	3,098	3,098	6,024	6,024
Municipal Recycling Tonnage			21,633	21,633
Municipal Alliance	9,876	9,876	9,876	9,876
Other Special Items:				
Reserve for Payment of Debt	152,890	152,890	17,500	17,500
Hotel Tax	65,000	74,300	62,000	73,031
Cell Tower Rents	42,000	46,338	40,000	44,555
Summer Recreation	55,000	64,089	52,000	69,831
Shared Service Agreement - Bogota Court	71,298	71,298	69,900	69,900
Shared Service Agreement - Tenafly-Registrar	20,400	20,400	20,000	20,000
Shared Service Agreement- School Resource Office	47,754	45,000	45,000	45,000
Interlocal Agreement - BCUA	150,000	155,000	150,000	150,000
	<u>2,237,927</u>	<u>2,474,025</u>	<u>2,106,303</u>	<u>2,273,603</u>
RECEIPTS FROM DELINQUENT TAXES	<u>800,000</u>	<u>815,503</u>	<u>800,000</u>	<u>839,067</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax For Municipal Purposes	11,990,856	12,341,179	11,890,385	11,899,004
Minimum Library Tax	<u>336,584</u>	<u>336,584</u>	<u>339,820</u>	<u>339,820</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>12,327,440</u>	<u>12,677,763</u>	<u>12,230,205</u>	<u>12,238,824</u>
Total General Revenues	<u>\$ 17,065,367</u>	<u>\$ 17,667,291</u>	<u>\$ 16,836,508</u>	<u>\$ 17,051,494</u>

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2018 STATEMENT OF EXPENDITURES

**BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018 Appropriations</u>		<u>2018 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 140,354	\$ 140,354	\$ 130,198	\$ 10,156	
Other Expenses - Postage	23,500	23,500	10,274	13,226	
Other Expenses - Miscellaneous	185,477	185,477	136,869	48,608	
CDL Drug Testing	5,000	5,000	435	4,565	
Mayor & Council					
Salaries & Wages	35,950	35,950	35,950	-	
Other Expenses	8,900	8,900	7,506	1,394	
Municipal Clerk					
Salaries & Wages	81,776	82,077	82,077	-	
Other Expenses	19,725	19,725	5,716	14,009	
Other Expenses - Elections	8,250	8,770	8,766	4	
Financial Administration (Treasury)					
Salaries & Wages	124,896	124,896	118,630	6,266	
Other Expenses	46,000	46,000	38,926	7,074	
Audit Services					
Other Expenses	46,000	46,000	44,000	2,000	
Revenue Administration (Tax Collection)					
Salaries & Wages	46,414	47,704	47,700	4	
Other Expenses	13,350	13,350	7,463	5,887	
Assessment of Taxes					
Salaries & Wages	19,821	19,821	17,220	2,601	
Other Expenses	67,425	67,425	38,012	29,413	
Legal Services & Costs					
Other Expenses - Fees and Costs	100,000	100,000	98,221	1,779	
Other Expenses - Special Counsel	15,000	15,000	1,400	13,600	
Engineering Services & Costs					
Other Expenses	30,000	30,000	11,247	18,753	
Historic Society					
Other Expenses	100	100		100	
Planning Board/ Zoning Board					
Salaries & Wages	5,462	5,462	5,276	186	
Other Expenses	17,600	17,600	15,484	2,116	
Insurance					
General Liability	462,950	462,950	431,155	31,795	
Employee Group Health	1,981,490	1,961,508	1,383,241	578,267	
PUBLIC SAFETY					
Aid to Volunteer Ambulance First Aid Squad	20,000	20,000	20,000	-	
Fire					
Salaries & Wages	8,716	8,716	8,713	3	
Salaries & Wages - Uniform Fire Safety	25,494	25,494	21,746	3,748	
Other Expenses - Clothing Allowance	58,140	58,140	5,850	52,290	
Other Expenses - Miscellaneous	61,650	61,650	58,572	3,078	
Other Expenses - Uniform Fire Safety	20,500	20,500	13,734	6,766	
Other Expenses - Fire Hydrant Services	100,000	100,000	94,823	5,177	

**BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018 Appropriations</u>		<u>2018 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY (Cont'd)					
Police					
Salaries & Wages	\$ 3,522,575	\$ 3,522,575	\$ 3,394,713	\$ 127,862	
Other Expenses - Miscellaneous	135,332	135,332	112,891	22,441	
Office of Emergency Management					
Other Expenses	17,000	17,000	14,498	2,502	
PUBLIC WORKS					
Streets & Roads Maintenance					
Salaries & Wages	882,284	882,284	865,389	16,895	
Other Expenses	110,270	110,270	80,274	29,996	
Other Public Works Functions					
Other Expenses - Sewer System	51,180	51,180	42,876	8,304	
Other Expenses - Drainage	55,500	55,500	15,147	40,353	
Other Expenses - Beautification Comm.	3,500	4,750	4,745	5	
Waste Collection					
Other Expenses	325,000	325,000	297,266	27,734	
Buildings and Grounds					
Salaries & Wages	28,000	28,000	24,593	3,407	
Other Expenses	101,200	101,200	58,234	42,966	
Other Expenses - Environmental Testing	3,000	3,000	3,000	-	
Vehicle Maintenance					
Other Expenses	85,000	85,000	52,504	32,496	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	8,323	8,324	8,323	1	
Other Expenses	54,850	54,865	52,768	2,097	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries & Wages	31,000	31,000	29,300	1,700	
Other Expenses	76,700	76,700	54,418	22,282	
Maintenance of Parks and Playgrounds					
Other Expenses	33,300	33,300	21,041	12,259	
OTHER COMMON OPERATING FUNCTIONS					
Salary & Wage Adjustment	40,000	40,000		40,000	
Senior Citizen Program					
Other Expenses	7,100	7,100	6,472	628	
Senior Citizen / Community Busing					
Salaries & Wages	2,500	2,500	2,206	294	
Municipal Court					
Salaries and Wages	53,211	53,611	53,524	87	
Other Expenses	24,850	24,850	10,116	14,734	

**BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018 Appropriations</u>		<u>2018 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	\$ 106,470	\$ 109,870	\$ 109,441	\$ 429	
Other Expenses	10,650	10,650	2,527	8,123	
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	205,000	205,000	186,957	18,043	
Street Lighting	135,000	135,000	103,936	31,064	
Telephone	20,000	26,000	25,714	286	
Water	17,000	17,000	16,999	1	
Gasoline	140,000	140,000	80,160	59,840	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Garbage - Tipping Fees	300,000	300,000	279,982	20,018	
Recycling - Leaf Disposal	55,000	55,000	14,182	40,818	-
Total Operations Within "CAPS"	<u>10,420,885</u>	<u>10,414,080</u>	<u>8,923,400</u>	<u>1,490,680</u>	<u>-</u>
Detail:					
Salaries & Wages	5,163,246	5,168,638	4,954,999	213,639	-
Other Expenses	<u>5,257,639</u>	<u>5,245,442</u>	<u>3,968,401</u>	<u>1,277,041</u>	<u>-</u>
DEFERRED CHARGES / REGULATORY					
EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	198,000	204,600	204,592	8	
Public Employees Retirement System	213,488	213,690	213,690	-	
Consolidated Police & Fire Retirement System	100	100		100	
Police & Firemens' Retirement	808,283	808,283	808,283	-	
Pension Adjustment Fund	100	100		100	
Defined Contribution Retirement Program	9,000	9,000	5,709	3,291	-
Total Deferred Charges & Statutory					
Expenditures - Municipal within "CAPS"	<u>1,228,971</u>	<u>1,235,773</u>	<u>1,232,274</u>	<u>3,499</u>	<u>-</u>
Total General Appropriations for Municipal					
Purposes Within "CAPS"	<u>11,649,856</u>	<u>11,649,853</u>	<u>10,155,674</u>	<u>1,494,179</u>	<u>-</u>

**BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>2018 Appropriations</u>		<u>2018 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAPS"					
Police Dispatch/911					
Other Expenses	\$ 8,500	\$ 8,500	\$ 4,223	\$ 4,277	
Educational Functions					
Maintenance of Free Public Library (P.L.1985 C.82)	337,000	337,000	321,885	15,115	
Sewerage Processing and Disposal Costs					
Bergen County Utilities Authority - Operation and Maintenance	910,950	910,950	910,950	-	
Bergen County Utilities Authority - Debt Service	339,850	339,850	339,850	-	
South Hackensack Sewer Charges	21,600	21,600	21,528	72	
Recycling Tax	12,000	12,000	11,939	61	
Reserve for Tax Appeals	125,000	125,000	125,000	-	
Public Safety Functions					
LOSAP- Fire Dept.	<u>110,000</u>	<u>110,000</u>	<u>83,300</u>	<u>26,700</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,864,900</u>	<u>1,864,900</u>	<u>1,818,675</u>	<u>46,225</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	20,400	20,400	10,200	10,200	
Bogota Shared Services					
Salaries & Wages	66,298	66,298	65,985	313	
Other Expenses	5,000	5,000	3,613	1,387	-
School Resource Officer	<u>47,754</u>	<u>47,754</u>	<u>45,000</u>	<u>2,754</u>	<u>-</u>
Total Interlocal Municipal Service Agreements	<u>289,452</u>	<u>289,452</u>	<u>274,798</u>	<u>14,654</u>	<u>-</u>
Public and Private Programs Offset by Revenues					
Body Armor Replacement Program		3,098	3,098		
Municipal Alliance	9,876	9,876	9,876		
Clean Communities		16,962	16,962	-	-
Municipal Alliance - Local Share	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>12,876</u>	<u>32,936</u>	<u>32,936</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,167,228</u>	<u>2,187,288</u>	<u>2,126,409</u>	<u>60,879</u>	<u>-</u>
Detail:					
Salaries & Wages	284,452	284,452	271,185	13,267	-
Other Expenses	<u>1,882,776</u>	<u>1,902,836</u>	<u>1,855,224</u>	<u>47,612</u>	<u>-</u>

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>2018 Appropriations</u>		<u>2018 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	872,000	872,000	872,000		
Payment of Bond Anticipation Notes	137,932	137,932	137,932		
Interest on Bonds	250,855	250,855	250,855		
Interest on Notes	97,810	97,810	97,810		
Green Trust Loan Repayments - Princ. & Interest	24,931	24,933	24,931	-	\$ 2
Loan Repayments for Principal and Interest	<u>132,590</u>	<u>132,591</u>	<u>132,590</u>	<u>-</u>	<u>1</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>1,516,118</u>	<u>1,516,121</u>	<u>1,516,118</u>	<u>-</u>	<u>3</u>
DEFERRED CHARGES - Excluded from CAPS Special Emergency (5 years)	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges- Excluded from "CAPS"	<u>36,000</u>	<u>36,000</u>	<u>36,000</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>76,105</u>	<u>76,105</u>	<u>76,105</u>	<u>-</u>	<u>-</u>
Total General Appropriations Excluded from "CAPS"	<u>4,295,451</u>	<u>4,315,514</u>	<u>4,254,632</u>	<u>\$ 60,879</u>	<u>3</u>
Subtotal General Appropriations	15,945,307	15,965,367	14,410,306	1,555,058	3
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>\$ 17,045,307</u>	<u>\$ 17,065,367</u>	<u>\$ 15,510,306</u>	<u>\$ 1,555,058</u>	<u>\$ 3</u>
Budget as Adopted		\$ 17,045,307			
Added by 40A:4-87		<u>20,060</u>			
		<u>\$ 17,065,367</u>			

2017 STATEMENT OF EXPENDITURES

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

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

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

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

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

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

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

	<u>2017 Appropriations</u>		<u>2017 Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAPS"					
Police Dispatch/911					
Other Expenses	\$ 8,500	\$ 8,500	\$ 8,250	\$ 250	
Educational Functions					
Maintenance of Free Public Library (P.L.1985 C.82)	340,000	340,000	315,883	24,117	
Sewerage Processing and Disposal Costs					
Bergen County Utilities Authority - Operation and Maintenance	926,178	926,179	926,178	1	
Bergen County Utilities Authority - Debt Service	358,739	358,740	358,739	1	
South Hackensack Sewer Charges	19,603	19,603	19,602	1	
Recycling Tax	12,000	12,000	11,954	46	
Reserve for Tax Appeals	125,000	125,000	125,000	-	
Public Safety Functions					
LOSAP- Fire Dept.	<u>103,500</u>	<u>103,500</u>	<u>94,494</u>	<u>9,006</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,893,520</u>	<u>1,893,522</u>	<u>1,860,100</u>	<u>33,422</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	20,000	20,000	10,200	9,800	
Bogota Shared Services					
Salaries & Wages	64,900	64,900	64,900		
Other Expenses	5,000	5,000	2,981	2,019	-
School Resource Officer	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>-</u>
Total Interlocal Municipal Service Agreements	<u>284,900</u>	<u>284,900</u>	<u>273,081</u>	<u>11,819</u>	<u>-</u>
Public and Private Programs Offset by Revenues					
Body Armor Replacement Program		6,024	6,024		
Municipal Recycling Assistance	11,871	21,633	21,633		
Municipal Alliance	9,876	9,876	9,876		
Clean Communities	<u>-</u>	<u>17,721</u>	<u>17,721</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>21,747</u>	<u>55,254</u>	<u>55,254</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,200,167</u>	<u>2,233,676</u>	<u>2,188,435</u>	<u>45,241</u>	<u>-</u>
Detail:					
Salaries & Wages	279,900	279,900	270,100	9,800	-
Other Expenses	<u>1,920,267</u>	<u>1,953,776</u>	<u>1,918,335</u>	<u>35,441</u>	<u>-</u>

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

	<u>2017 Appropriations</u>		<u>2017 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" (CONT'D.)					
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 500,000	\$ 500,000	\$ 500,000	-	-
Total Capital Improvements Excluded from "CAPS"	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	680,000	680,000	680,000		
Payment of Bond Anticipation Notes	357,356	357,356	322,736		\$ 34,620
Interest on Bonds	223,850	223,850	212,338		11,512
Interest on Notes	137,566	137,566	137,566		
Green Trust Loan Repayments - Princ. & Interest	31,475	31,475	31,475	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>1,430,247</u>	<u>1,430,247</u>	<u>1,384,115</u>	<u>-</u>	<u>46,132</u>
DEFERRED CHARGES - Excluded from CAPS Special Emergency (5 years)	<u>36,000</u>	<u>36,000</u>	<u>36,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges- Excluded from "CAPS"	<u>36,000</u>	<u>36,000</u>	<u>36,000</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>75,951</u>	<u>75,951</u>	<u>75,951</u>	<u>-</u>	<u>-</u>
Total General Appropriations Excluded from "CAPS"	<u>4,242,365</u>	<u>4,275,874</u>	<u>4,184,501</u>	<u>\$ 45,241</u>	<u>46,132</u>
Subtotal General Appropriations	15,703,001	15,736,508	14,368,910	1,321,466	46,132
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>\$ 16,803,001</u>	<u>\$ 16,836,508</u>	<u>\$ 15,468,910</u>	<u>\$ 1,321,466</u>	<u>\$ 46,132</u>
Budget as Adopted		\$ 16,803,001			
Added by 40A:4-87		<u>33,507</u>			
		<u>\$ 16,836,508</u>			

BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
ANIMAL CONTROL FUND		
Cash	\$ 14,538	\$ 12,452
	<u>14,538</u>	<u>12,452</u>
OTHER TRUST FUND		
Cash	717,347	691,628
Due from Current Fund	<u>375,807</u>	<u>463,541</u>
	<u>1,093,154</u>	<u>1,155,169</u>
COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND		
Cash	100	100
Due from Other Trust Fund	<u>100</u>	<u>100</u>
	<u>200</u>	<u>200</u>
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND		
Cash	<u>44,302</u>	<u>58,165</u>
	<u>44,302</u>	<u>58,165</u>
LENGTH OF SERVICE AWARDS PROGRAM		
TRUST FUND-(LOSAP)-(UNAUDITED)		
Investments	1,495,309	1,530,751
Due from Current Fund	<u>83,300</u>	<u>94,494</u>
	<u>1,578,609</u>	<u>1,625,245</u>
Total Assets	<u>\$ 2,730,803</u>	<u>\$ 2,851,231</u>

BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
LIABILITIES, RESERVES AND FUND BALANCE		
ANIMAL CONTROL FUND		
Reserve for Animal Control Fund Expenditures	\$ 5,754	\$ 6,211
Due to Current Fund	<u>8,784</u>	<u>6,241</u>
	<u>14,538</u>	<u>12,452</u>
OTHER TRUST FUND		
Escrow and Miscellaneous Deposits	535,964	461,357
Due to General Capital Fund	2,711	2,711
Payroll Deductions Payable	1,325	62,542
Reserve for POAA	8,250	7,924
Reserve for Municipal Alliance Fund	70	70
Reserve for Recreation Fees	49,201	45,844
Reserve for Accumulated Leave Compensation	375,734	463,476
Reserve for Affordable Housing	119,799	111,145
Due to Community Development Trust Fund	<u>100</u>	<u>100</u>
	<u>1,093,154</u>	<u>1,155,169</u>
COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND		
Due to General Capital Fund	<u>200</u>	<u>200</u>
	<u>200</u>	<u>200</u>
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND		
Due to State of New Jersey	2,090	-
Reserve for Expenditures	<u>42,212</u>	<u>58,165</u>
	<u>44,302</u>	<u>58,165</u>
LENGTH OF SERVICE AWARDS PROGRAM		
TRUST FUND (LOSAP) (UNAUDITED)		
Reserve for LOSAP Benefits	<u>1,578,609</u>	<u>1,625,245</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 2,730,803</u>	<u>\$ 2,851,231</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 1,885,139	\$ 2,835,305
Grants Receivable	1,460,263	1,397,181
Deferred Charges to Future Taxation		
Funded	8,122,335	9,016,125
Unfunded	8,183,489	6,692,131
Due from Current Fund	15,809	
Due from Community Development Trust Fund	200	200
Due from Other Trust Fund	<u>2,711</u>	<u>2,711</u>
 Total Assets	 <u>\$ 19,669,946</u>	 <u>\$ 19,943,653</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
General Serial Bonds Payable	\$ 7,980,000	\$ 8,852,000
Bond Anticipation Notes Payable	4,372,000	4,285,097
Green Acres Loan Payable	142,335	164,125
Improvement Authorizations		
Funded	316,504	280,877
Unfunded	3,252,383	2,973,110
Encumbrances/Contracts Payable	974,622	845,938
Due to Current Fund	-	217
Reserve for Grants Receivable	1,456,763	1,318,681
Reserve for Payment of Debt	112,388	245,278
Reserve for Field Improvements	15,809	
Capital Improvement Fund	639,076	649,513
Fund Balance	<u>408,066</u>	<u>328,817</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 19,669,946</u>	 <u>\$ 19,943,653</u>

There were bonds and notes authorized but not issued at December 31, 2018 and 2017 amounting to \$4,032,398 and \$4,181,598 respectively.

BOROUGH OF LITTLE FERRY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Balance, January 1	\$ 328,817	\$ 147,070
Increased by:		
Grant Receipts on Funded Improvement Authorization- Ord. 1443	30,052	
Premium on Sale of Bonds and Notes	35,590	33,821
Funded Improvement Authorizations Cancelled	<u>13,607</u>	<u>147,926</u>
Balance, December 31	<u>\$ 408,066</u>	<u>\$ 328,817</u>

**BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Land and Land Improvements	\$ 8,327,665	\$ 8,327,665
Buildings and Building Improvements	17,174,334	16,956,359
Machinery and Equipment	<u>6,716,684</u>	<u>6,500,925</u>
 Total Assets	 <u>\$ 32,218,683</u>	 <u>\$ 31,784,949</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 32,218,683</u>	<u>\$ 31,784,949</u>

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NOTES TO FINANCIAL STATEMENTS

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer first aid 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, 2018 AND 2017**

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 Compensation 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, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2017 balances to conform to the December 31, 2018 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 AND 2017**

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.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

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.

**BOROUGH OF LITTLE FERRY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

General Fixed Assets purchased after December 31, 2002 are stated at cost. Donated fixed assets are recorded at acquisition 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 the government-wide financial statements at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in 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, 2018 AND 2017**

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 2018 and 2017 the Borough Council increased the original budget by \$20,060 and \$33,507. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2018 and 2017.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2018 and 2017, the book value of the Borough's deposits were \$12,966,216 and \$13,594,954, and bank and brokerage firm balances of the Borough's deposits amounted to \$13,216,322 and \$14,006,238, 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>2018</u>	<u>2017</u>
Insured	\$ 13,216,322	\$ 14,006,238

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, 2018 and 2017, none of the bank balances were exposed to custodial credit risk.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2018 and 2017, the Borough had the following investments:

	<u>Fair Value</u>	
	<u>2018</u>	<u>2017</u>
Investment:		
Lincoln Financial Group LOSAP Investment Fund (Unaudited)	<u>\$ 1,495,309</u>	<u>\$ 1,530,751</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, 2018 and 2017, \$1,495,309 and \$1,530,751 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>	
	<u>(LOSAP - Unaudited)</u>	
	<u>2018</u>	<u>2017</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 1,495,309</u>	<u>\$ 1,530,751</u>

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2018 and 2017, 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, 2018 and 2017 consisted of the following:

<u>Current</u>	<u>2018</u>	<u>2017</u>
Property Taxes	\$ 759,923	\$ 833,199
Tax Title Liens	<u>5,969</u>	<u>-</u>
	<u>\$ 765,892</u>	<u>\$ 833,199</u>

In 2018 and 2017, the Borough collected \$815,503 and \$839,067 from delinquent taxes, which represented 98% and 100%, respectively of the prior year delinquent taxes receivable balance.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	2018		2017	
	<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	\$ 8,784	\$ 474,916	\$ 6,458	\$ 558,035
Trust Funds:				
Animal Control		8,784		6,241
Other Trust	375,807	2,811	463,541	2,811
Community Development Block Grant	100	200	100	200
Length of Service Awards				
Program (LOSAP)	83,300		94,494	
General Capital Fund	<u>18,720</u>	<u>-</u>	<u>2,911</u>	<u>217</u>
 Total	 <u>\$ 486,711</u>	 <u>\$ 486,711</u>	 <u>\$ 567,504</u>	 <u>\$ 567,504</u>

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

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2018</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 26,000</u>	<u>\$ 26,000</u>	<u>\$ -</u>
<u>2017</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 62,000</u>	<u>\$ 36,000</u>	<u>\$ 26,000</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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 school 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, 2018 and 2017 are as follows:

	<u>Local District School</u>	
	<u>2018</u>	<u>2017</u>
Balance of Tax	\$9,488,989	\$9,402,833
Deferred Liability	<u>6,405,244</u>	<u>6,405,244</u>
Taxes Payable	<u>\$3,083,745</u>	<u>\$2,997,589</u>

NOTE 8 FUND BALANCE APPROPRIATED

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

	<u>2018</u>		<u>2017</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 3,628,627	\$ 1,700,000	\$ 2,988,354	\$ 1,700,000
Non-Cash Surplus	<u>32,245</u>	<u>-</u>	<u>81,600</u>	<u>-</u>
	<u>\$ 3,660,872</u>	<u>\$ 1,700,000</u>	<u>\$ 3,069,954</u>	<u>\$ 1,700,000</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 and 2017.

	Balance December 31, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2018</u>
<u>2018</u>				
Land and Land Improvements	\$ 8,327,665			\$ 8,327,665
Buildings and Building Improvements	16,956,359	\$ 217,975		17,174,334
Machinery and Equipment	<u>6,500,925</u>	<u>215,759</u>	<u>\$ -</u>	<u>6,716,684</u>
	<u>\$ 31,784,949</u>	<u>\$ 433,734</u>	<u>\$ -</u>	<u>\$ 32,218,683</u>
	Balance December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Land and Land Improvements	\$ 8,136,436	\$ 191,229		\$ 8,327,665
Buildings and Building Improvements	16,886,802	69,557		16,956,359
Machinery and Equipment	<u>6,133,339</u>	<u>443,606</u>	<u>\$ 76,020</u>	<u>6,500,925</u>
	<u>\$ 31,156,577</u>	<u>\$ 704,392</u>	<u>\$ 76,020</u>	<u>\$ 31,784,949</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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>2018</u>	<u>2017</u>
Issued		
General		
Bonds, Notes and Loans	\$ 12,494,335	\$ 13,301,222
Less Funds Temporarily Held to Pay Bonds and Notes	<u>333,297</u>	<u>2,019,842</u>
Net Debt Issued	12,161,038	11,281,380
Authorized But Not Issued		
General		
Bonds and Notes	<u>4,032,398</u>	<u>4,181,598</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 16,193,436</u>	<u>\$ 15,462,978</u>

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 1.553% and 1.521% at December 31, 2018 and 2017, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	\$ 16,526,733	\$ 333,297	\$ 16,193,436
School Debt	-	-	-
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 16,526,733</u>	<u>\$ 333,297</u>	<u>\$ 16,193,436</u>

<u>2017</u>			
General Debt	\$ 17,482,820	\$ 2,019,842	\$ 15,462,978
School Debt	-	-	-
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 17,482,820</u>	<u>\$ 2,019,842</u>	<u>\$ 15,462,978</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>2018</u>	<u>2017</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 36,489,458	\$ 35,621,198
Less: Net Debt	<u>16,193,436</u>	<u>15,462,978</u>
Remaining Borrowing Power	<u>\$ 20,296,022</u>	<u>\$ 20,158,220</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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>2018</u>	<u>2017</u>
\$6,300,000, 2010 Bonds, due in annual installments of \$625,000 to \$650,000 through September, 2025, interest at 2.00% to 3.00%	\$ 4,500,000	\$ 5,125,000
\$3,727,000, 2017 Bonds, due in annual installments of \$200,000 to \$365,000 through April, 2030, interest at 3.00%	<u>3,480,000</u>	<u>3,727,000</u>
Total	<u>\$ 7,980,000</u>	<u>\$ 8,852,000</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 (Lakeview Park) Recreation Improvement Project. 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>2018</u>	<u>2017</u>
\$210,462, 2000 Loan, due in semi-annual installments of \$6,479 to \$6,480 through May, 2018, interest at 2.00%		\$ 6,480
\$122,710, 2000 Loan, due in semi-annual installments of \$7,369 to \$7,518 through July 2019, interest at 2.00%	\$ 7,518	14,888
\$172,988, 2013 Loan, due in semi-annual installments of \$7,941 to \$10,493 through February, 2033, interest at 2.00%	<u>134,817</u>	<u>142,757</u>
	<u>\$ 142,335</u>	<u>\$ 164,125</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 10 MUNICIPAL DEBT (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2018 is as follows:

Calendar Year	General Bonds		General Green Acres Loans		Total
	Principal	Interest	Principal	Interest	
2019	\$ 890,000	\$ 229,112	\$ 15,619	\$ 2,769	\$ 1,137,500
2020	825,000	206,513	8,264	2,493	1,042,270
2021	850,000	183,325	8,430	2,327	1,044,082
2022	850,000	159,450	8,599	2,158	1,020,207
2023	945,000	132,525	8,772	1,985	1,088,282
2024-2028	2,900,000	289,500	46,577	7,207	3,243,284
2029-2033	720,000	21,750	46,074	2,334	790,158
Total	<u>\$ 7,980,000</u>	<u>\$ 1,222,175</u>	<u>\$ 142,335</u>	<u>\$ 21,273</u>	<u>\$ 9,365,783</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2018 and 2017 were as follows:

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
General Capital Fund					
Bonds Payable	\$ 8,852,000		\$ 872,000	\$ 7,980,000	\$ 890,000
Intergovernmental Loans Payable	164,125	\$ -	21,790	142,335	15,619
General Capital Fund Long-Term Liabilities	<u>\$ 9,016,125</u>	<u>\$ -</u>	<u>\$ 893,790</u>	<u>\$ 8,122,335</u>	<u>\$ 905,619</u>
	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
General Capital Fund					
Bonds Payable	\$ 5,805,000	\$ 3,727,000	\$ 680,000	\$ 8,852,000	\$ 872,000
Intergovernmental Loans Payable	191,897	-	27,772	164,125	21,790
General Capital Fund Long-Term Liabilities	<u>\$ 5,996,897</u>	<u>\$ 3,727,000</u>	<u>\$ 707,772</u>	<u>\$ 9,016,125</u>	<u>\$ 893,790</u>

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2017</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2018</u>
<u>2018</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	2.75	4/24/2019	\$ 1,040,250	\$ 1,791,184	\$ 1,040,250	\$ 1,791,184
Sanitary Sewer Improvements- Neihaus & Williams	2.75	4/24/2019	30,000	30,000	30,000	30,000
Improvements to Lakeview Field	2.75	4/24/2019	3,012,683	1,200,270	3,012,683	1,200,270
Acq and Installation of a Gazebo & Improvements to Willow Lake Park	2.75	4/24/2019	40,964	40,964	40,964	40,964
Acquisition of Losen Slote Grate	2.75	4/24/2019	39,600	39,600	39,600	39,600
Acquisition of Various Equipment & Vehicles	2.75	4/24/2019	121,600	261,430	121,600	261,430
Borough Hall Generator	2.75	4/24/2019		150,400		150,400
Various Road Improvements	2.75	4/24/2019	-	858,152	-	858,152
Total General Capital Fund			<u>\$ 4,285,097</u>	<u>\$ 4,372,000</u>	<u>\$ 4,285,097</u>	<u>\$ 4,372,000</u>

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2016</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2017</u>
<u>2017</u>						
<u>General Capital Fund</u>						
Acquisition of Land	2.25	4/27/2017	\$ 113,085		\$ 113,085	-
Traffic Light/Liberty-Washington	2.25	4/27/2017	123,086		123,086	-
Improvements- Indian Lake Park	2.25	4/27/2017	4,804		4,804	-
Improvements to Willow Lake Park	2.25	4/27/2017	28,905		28,905	-
Phase III Improvements to Lakeview Park	2.25	4/27/2017	68,168		68,168	-
Various Improvements	2.25	4/27/2017	13,374		13,374	-
Repair of Sanitary Sewer Lines on Franklin & Eckel Streets	2.25	4/27/2017	195,129		195,129	-
Repair of Sanitary Sewer Lines on Maple St.	2.25	4/27/2017	17,231		17,231	-
Repair of Senior Center Roof	2.25	4/27/2017	153,313		153,313	-
Various Capital Improvements	2.25	4/27/2017	663,403		663,403	-
Various Improvements	2.25	4/27/2017	713,915		713,915	-
Various Road Improvements	2.25	4/27/2017	281,368		281,368	-
Brandt Street Improvements	2.25	4/27/2017	56,844		56,844	-
Acquisition and Installation of Generators	2.25	4/27/2017	270,000		270,000	-
Various Capital Improvements	2.25	4/26/2018	756,838	\$ 1,040,250	756,838	\$ 1,040,250
Sanitary Sewer Improvements- Neihaus & Williams	2.25	4/26/2018	48,625	30,000	48,625	30,000
Improvements to Lakeview Field	2.25	4/26/2018	4,000,000	3,012,683	4,000,000	3,012,683
New Roof on DPW Building	2.25	4/27/2017	576,268	-	576,268	-
Acq and Installation of a Gazebo & Improvements to Willow Lake Park	2.25	4/26/2018		40,964		40,964
Acquisition of Losen Slote Grate	2.25	4/26/2018		39,600		39,600
Acquisition of Various Equipment	2.25	4/26/2018	-	121,600	-	121,600
Total General Capital Fund			<u>\$ 8,084,356</u>	<u>\$ 4,285,097</u>	<u>\$ 8,084,356</u>	<u>\$ 4,285,097</u>

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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 2018 and 2017 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.

2018

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2017</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2018</u>
Master Plan/Reassessment	2.25	4/26/2018	\$ 62,000	\$ -	\$ 62,000	\$ -
Total Special Emergency Notes Payable			<u>\$ 62,000</u>	<u>\$ -</u>	<u>\$ 62,000</u>	<u>\$ -</u>

2017

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2016</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2017</u>
Hurricane Sandy/Master Plan/Reassessment	2.25	4/26/2018	\$ 98,000	\$ 62,000	\$ 98,000	\$ 62,000
Total Special Emergency Notes Payable			<u>\$ 98,000</u>	<u>\$ 62,000</u>	<u>\$ 98,000</u>	<u>\$ 62,000</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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>2018</u>		
Losen Slote Storm Water Pump Station	\$74,156	2019
Rehabilitation of Sanitary Sewer Mains	60,504	2019
2018 Road Program	562,849	2019
<u>2017</u>		
2017 Road Program	\$334,665	2018

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

<u>Purpose</u>	<u>Remaining Commitment</u>
<u>2018</u>	
Video Surveillance Equipment and Installation	\$30,357
Playground Equipment for Bailey Park	53,627
Acquisition of DPW Truck	64,045
<u>2017</u>	
Emergency Back Up Generator for Municipal Complex	\$163,707
Dump Truck with Snow Plow	59,213
Street Sign Installation	79,460

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 \$1,311,649 and \$1,403,271 at December 31, 2018 and 2017, 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, 2018 and 2017, the Borough has reserved in the Other Trust Fund \$375,734 and \$463,476, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

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. During 2017, the Borough received notification from FEMA that the Borough is eligible to cancel a principal amount of the CDL totaling \$1,582,870 plus accrued interest on the cancelled principal. The Borough appropriated and paid the repayment of the principal and interest for the portion of the CDL not forgiven in the amount of \$132,590 during the 2018 year.

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 (7.00% effective July 1, 2017 and 7.65% effective July 1, 2016 through June 30, 2017) at December 31, 2018 and 2017 is \$84,447 and \$106,812, respectively.

During the years ended December 31, 2018, 2017 and 2016 the Borough was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

<u>Year Ended</u> <u>December 31</u>	<u>PERS</u>	<u>PFRS</u>
2018		\$ 28,447
2017		28,162
2016	\$ 9,216	27,891

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes 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, 2018 and 2017 were as follows:

	Balance, December 31, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>2018</u>					
Compensated Absences	\$ 1,403,271	\$ 96,120	\$ 187,742	\$ 1,311,649	
Community Disaster Loan	132,590		132,590	-	
Deferred Pension Obligation	106,812	6,082	28,447	84,447	
Net Pension Liability - PERS	5,309,696		774,058	4,535,638	
Net Pension Liability - PFRS	13,603,287		936,749	12,666,538	
Net OPEB Liability	<u>10,897,131</u>	<u>2,897,347</u>	<u>1,087,284</u>	<u>12,707,194</u>	<u>-</u>
 Total Other Long-Term Liabilities	 <u>\$ 31,452,787</u>	 <u>\$ 2,999,549</u>	 <u>\$ 3,146,870</u>	 <u>\$ 31,305,466</u>	 <u>\$ -</u>
	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
Compensated Absences	\$ 1,306,638	\$ 96,633		\$ 1,403,271	
Community Disaster Loan	1,710,000		\$ 1,577,410	132,590	\$ 132,590
Deferred Pension Obligation	126,754	8,220	28,162	106,812	
Net Pension Liability - PERS	6,121,083		811,387	5,309,696	
Net Pension Liability - PFRS	17,304,795		3,701,508	13,603,287	
Net OPEB Liability	<u>13,038,731</u>	<u>-</u>	<u>2,141,600</u>	<u>10,897,131</u>	<u>-</u>
 Total Other Long-Term Liabilities	 <u>\$ 39,608,001</u>	 <u>\$ 104,853</u>	 <u>\$ 8,260,067</u>	 <u>\$ 31,452,787</u>	 <u>\$ 132,590</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Public Employees’ Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). 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 earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. 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.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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.

Collective Net Pension Liability

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

Actuarial Methods and Assumptions

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**BOROUGH OF LITTLE FERRY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2018 and 2017 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee’s annual compensation.

For the years ended December 31, 2018 and 2017 for CPFPPF, which is a single-employer defined benefit plan the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers’ contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2018, 2017 and 2016 were equal to the required contributions.

During the years ended December 31, 2018, 2017 and 2016, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, deferred pension obligation contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2018	\$ 808,283	\$ 213,690	\$ 5,709
2017	767,637	202,269	7,122
2016	733,286	251,150	5,569

In addition for the years ended December 31, 2018, 2017 and 2016 the Borough contributed for long-term disability insurance premiums (LTDI) \$871, \$312 and \$-0, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2018 and 2017, the Borough reported a liability of \$4,535,638 and \$5,309,696, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Borough’s proportionate share was .00023 percent, which was a decrease of .02258 percent from its proportionate share measured as of June 30, 2017 of .02281 percent.

BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough's pension expense to be \$313,346 and \$488,054, respectively, for PERS based on the actuarial valuations which are more than the actual contributions reported in the Borough's financial statements of \$213,690 and \$202,269, respectively. At December 31, 2018 and 2017, 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:

	2018		2017	
	<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	\$ 86,495	\$ 23,387	\$ 125,025	
Changes of Assumptions	747,398	1,450,256	1,069,721	\$ 1,065,799
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	42,544	36,155	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>345,738</u>	<u>82,022</u>	<u>391,787</u>	<u>133,600</u>
Total	<u>\$ 1,179,631</u>	<u>\$ 1,598,209</u>	<u>\$ 1,622,688</u>	<u>\$ 1,199,399</u>

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2019	\$ 60,376
2020	12,430
2021	(199,068)
2022	(209,963)
2023	(82,353)
Thereafter	<u>-</u>
	<u>\$ (418,578)</u>

BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65%-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2017 and 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</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>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	5.66%
2017	June 30, 2017	5.00%

BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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:

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2046	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2046 and Thereafter	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

<u>2018</u>	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 5,703,042</u>	<u>\$ 4,535,638</u>	<u>\$ 3,556,261</u>
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 6,587,038</u>	<u>\$ 5,309,696</u>	<u>\$ 4,245,512</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. 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, 2018 AND 2017

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen’s Retirement System (PFRS)

At December 31, 2018 and 2017, the Borough reported a liability of \$12,666,538 and \$13,603,287, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2018, the Borough’s proportionate share was .09361 percent, which was an increase of .00550 percent from its proportionate share measured as of June 30, 2017 of .08811 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough pension expense to be \$1,260,978 and \$1,362,124, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Borough’s financial statements of \$808,283 and \$767,637, respectively. At December 31, 2018 and 2017, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	<u>2018</u>		<u>2017</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 128,866	\$ 52,417	\$ 88,250	\$ 79,840
Changes of Assumptions	1,087,252	3,246,215	1,677,437	2,227,821
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		69,297	259,583	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,104,680</u>	<u>277,879</u>	<u>608,654</u>	<u>368,680</u>
Total	<u>\$ 2,320,798</u>	<u>\$ 3,645,808</u>	<u>\$ 2,633,924</u>	<u>\$ 2,676,341</u>

**BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2019	\$ 357,271
2020	(177,667)
2021	(859,373)
2022	(542,097)
2023	(103,144)
Thereafter	<u>-</u>
	<u>\$ (1,325,010)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
Salary Increases:		
Through 2026	2.10%-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10%-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.00%
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, 2017 and July 1, 2016 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</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>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.87%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	6.51%
2017	June 30, 2017	6.14%

BOROUGH OF LITTLE FERRY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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:

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2062	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2062 and Thereafter	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, respectively, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

	1% Decrease <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
<u>2018</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 16,952,589</u>	<u>\$ 12,666,538</u>	<u>\$ 9,131,326</u>
	1% Decrease <u>(5.14%)</u>	Current Discount Rate <u>(6.14%)</u>	1% Increase <u>(7.14%)</u>
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 17,923,451</u>	<u>\$ 13,603,287</u>	<u>\$ 10,053,781</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2018 and 2017. 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, 2018 AND 2017

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 of the net pension liability, deferred outflows and inflows 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, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,720,540 and \$1,523,683, respectively. For the years ended December 31, 2018 and 2017, 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 \$203,795 and \$186,381, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$101,898 and \$76,191, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was .09361 percent, which was an increase of .00550 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .08811 percent. 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.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Borough.

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

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.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2018 and 2017 is \$15.7 billion and \$20.4 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.97% and 1.03%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017.

Actuarial Methods and Assumptions

In the June 30, 2017 and 2016 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$421.2 million and \$381.8 million and the State of New Jersey, as the non-employer contributing entity, contributed \$53.5 million and \$53.1 million for fiscal years 2018 and 2017, respectively.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan—using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2018, 2017 and 2016 were \$544,244, \$581,027 and \$546,689, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2018, 2017 and 2016 were \$17,794, \$16,899 and \$17,423, respectively.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2018 and 2017, the Borough reported a liability of \$12,707,194 and \$10,897,131, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and 2017, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and 2016, respectively. The Borough’s proportionate share of the net OPEB liability was based on the ratio of the Borough’s proportionate share of the OPEB liability attributable to the Borough at June 30, 2018 and 2017 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2018 and 2017, respectively. As of the measurement date of June 30, 2018 the Borough’s proportionate share was .08111 percent, which was an increase of .02773 percent from its proportionate share measured as of June 30, 2017 of .05338 percent.

For the years ended December 31, 2018 and 2017, the Plan has determined the Borough’s OPEB expense to be \$1,087,284 and \$565,007, respectively, based on the actuarial valuations which are less than the actual contributions reported in the Borough’s financial statements of \$544,244 and \$581,027, respectively. At December 31, 2018 and 2017, the Borough’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough’s financial statements are from the following sources:

	2018		2017	
	<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		\$ 2,580,014		
Changes of Assumptions		3,223,346		\$ 1,209,489
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 6,715		\$ 1,867	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>5,516,914</u>	<u>1,086,913</u>	<u>-</u>	<u>1,266,865</u>
Total	<u>\$ 5,523,629</u>	<u>\$ 6,890,273</u>	<u>\$ 1,867</u>	<u>\$ 2,476,354</u>

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2019	\$ (244,742)
2020	(244,742)
2021	(244,743)
2022	(245,210)
2023	(246,538)
Thereafter	<u>(140,669)</u>
	<u>\$ (1,366,644)</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total OPEB liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2018</u>	<u>2017</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
Initial Fiscal Year Applied Through	2026	2026
Rate	1.65% to 8.98%	1.65% to 8.98%
Rate Thereafter	2.65% to 9.98%	2.65% to 9.98%
Mortality	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	1.00%	1.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and his or her age.

For the June 30, 2018 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

For the June 30, 2017 measurement date healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine year. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefit, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2017 and 2016 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% and 1.00% as of June 30, 2018 and 2017, respectively.

Discount Rate

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	3.87%
2017	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the discount rate of 3.87% and 3.58%, respectively, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.87% and 2.58%, respectively or 1-percentage-point higher 4.87% and 4.58%, respectively than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
<u>2018</u>			
Borough's Proportionate Share of the Net OPEB Liability	\$ 14,908,898	\$ 12,707,194	\$ 10,948,531
<u>2017</u>			
Borough's Proportionate Share of the Net OPEB Liability	\$ 12,853,491	\$ 10,897,131	\$ 9,344,792

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the Borough’s proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the healthcare trend rates as disclosed above as well as what the Borough’s proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2018</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 10,599,837</u>	<u>\$ 12,707,194</u>	<u>\$ 15,434,427</u>
<u>2017</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 9,055,834</u>	<u>\$ 10,897,131</u>	<u>\$ 13,294,713</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough’s net OPEB liability was not provided by the pension system.

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB 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 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. 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. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough’s proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State’s proportionate share is 100% of OPEB under this legislation.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 14 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Special Funding Situation (Continued)

At December 31, 2018 and 2017, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$218,665 and \$8,434,551, respectively. For the years ended December 31, 2018 and 2017 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$6,619 and \$603,628, respectively. At December 31, 2018, (measurement date June 30, 2018), the State's share of the OPEB liability attributable to the Borough was .00352 percent, which was a decrease of .09348 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .09700 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB 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 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 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.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 15 RISK MANAGEMENT (Continued)

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018		\$ 6,413	\$ 22,587	\$ 42,212
2017		6,469	17,868	58,165
2016		6,471	21,395	69,555

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, 2018 and 2017. 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, 2018 and 2017, the Borough reserved \$336,733 and \$385,676, 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, 2018 and 2017, 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.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

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, 2018 and 2017, 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.

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 \$1,411 and \$1,390 for 2018 and 2017, respectively, for each eligible volunteer fire department and first aid corp. member into the Plan. The total Borough contributions were \$83,300 and \$94,494 for 2018 and 2017, 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.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

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 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the cleanup and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2018. During the year ended December 31, 2018, the Borough has received \$232,063 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

NOTE 20 SUBSEQUENT EVENTS

Bond Anticipation Notes

On April 23, 2019 the Borough issued bond anticipation notes in the amount of \$4,856,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to Jefferies, LLC at an interest rate of 2.75%. These notes dated April 23, 2019 will mature on April 23, 2020

Debt Authorized

On March 12, 2019 the Borough adopted a bond ordinance authorizing the issuance \$1,140,000 in Bonds or bond anticipation notes to fund various capital improvements. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On July 9, 2019 the Borough adopted a bond ordinance authorizing the issuance \$136,325 in bond anticipation notes to fund supplemental appropriation for storm water improvements on Sabina Street. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

APPENDIX C

Form of Approving Legal Opinion of Bond Counsel

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_____, 2020

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 a \$5,193,000 Bond Anticipation Note dated the date hereof (the "Note"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction, and have undertaken such research and analyses as we have deemed necessary.

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

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

On the date hereof, the Borough has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Note in order to preserve the tax-exempt status of the Note pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. In the event that the Borough continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Borough in the Certificate, it is our opinion that, under existing law, interest on the Note is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Interest on the Note is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax. We express no opinion regarding other federal tax consequences arising with respect to the Note. Further, in our opinion, based upon existing law, interest on the Note and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

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

Very truly yours,