

**PRELIMINARY OFFICIAL STATEMENT DATED JULY 27, 2022**

**NEW ISSUE – BOOK-ENTRY-ONLY**

**SERIAL BONDS**

**Rating: S&P: “AA”**

*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 Bonds (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 Bonds 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 Bonds 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**

**\$5,785,000\* GENERAL IMPROVEMENT BONDS, SERIES 2022  
(Bank Qualified) (Callable)**

**Dated Date: Date of Delivery**

**Due: August 1, as shown on the inside front cover page**

The \$5,785,000\* General Improvement Bonds, Series 2022 (the "Bonds"), 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 Bonds maturing in each year and when issued will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

Interest on the Bonds will be payable semiannually on the first day of February and August in each year until maturity or prior redemption, commencing February 1, 2023. The principal of and interest due on the Bonds will be paid to DTC by the Borough as paying agent. Interest on the Bonds will be credited to the Participants (as defined herein) of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are subject to optional redemption prior to their stated maturities. See "THE BONDS – Redemption" herein.

The Bonds are valid and legally binding obligations of the Borough and, unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable property within the Borough for the payment of the Bonds 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 Bonds will be 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. 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 August 18, 2022.

**BID PROPOSALS WILL BE ACCEPTED ONLY BY ELECTRONIC SUBMISSION  
VIA THE PARITY ELECTRONIC BIDDING SYSTEM  
ON WEDNESDAY, AUGUST 3, 2022, UNTIL 11:00 A.M.  
FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,  
VISIT THE NOTICE OF SALE LISTED AT [WWW.I-DEALPROSPECTUS.COM](http://WWW.I-DEALPROSPECTUS.COM)**

\*Preliminary, subject to change.

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

**\$5,545,000\* GENERAL IMPROVEMENT BONDS, SERIES 2022**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

<u>August 1,</u>	<u>Principal*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP No. **</u>
2023	\$ 290,000			
2024	290,000			
2025	300,000			
2026	410,000			
2027	425,000			
2028	440,000			
2029	460,000			
2030	480,000			
2031	495,000			
2032	515,000			
2033	540,000			
2034	560,000			
2035	580,000			

\*Preliminary, subject to change.

\*\*"CUSIP" is a registered trademark of the American Bankers Association. CUSIP numbers are provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds, and the Borough does not make any representations with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specified maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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

**MAYOR**

Mauro D. Raguseo

**BOROUGH COUNCIL**

Jenifer Lange – Council President

Ronald Anzalone

Stephen Lanum

George Muller

Thomas Sarlo

Peggy Steinhilber

**BOROUGH ADMINISTRATOR**

Lisette Duffy

**BOROUGH CLERK**

Barbara Maldonado

**CHIEF FINANCIAL OFFICER**

Brigite Goncalves

**BOROUGH ATTORNEY**

Anthony Bocchi, Esq.  
Hackensack, New Jersey

**BOROUGH AUDITOR**

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

**MUNICIPAL ADVISOR**

NW Financial Group, LLC  
Hoboken, 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 Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such Bonds 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 Bonds.

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

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## OFFICIAL STATEMENT

### RELATING TO

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

### \$5,785,000\* GENERAL IMPROVEMENT BONDS, SERIES 2022

#### INTRODUCTION

This Official Statement, which includes the cover page, the inside front 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 issuance of \$5,785,000\* General Improvement Bonds, Series 2022 (the "*Bonds*"). 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 Bonds 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.

#### THE BONDS

##### General Description

The Bonds shall be dated their date of issuance and will mature on August 1 in the years and in the principal amounts as set forth on the inside front cover page hereof. The Bonds shall bear interest from their date, payable semiannually on each February 1 and August 1 (each, an "*Interest Payment Date*"), commencing February 1, 2023, in each year until maturity or prior redemption at the interest rates shown on the inside front cover page hereof. Interest on the Bonds shall be computed on a 30-day month/360-day year basis.

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity of the Bonds and in the principal amount of such maturity. The Bonds may be purchased in book-entry only form in the amount of \$5,000 or any integral multiple in excess thereof through book-entries made on the books and records of The Depository Trust Company, New York, New York ("*DTC*"), and its participants. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner for the Bonds, payments of the principal of and interest on the Bonds will be made by the Borough directly to Cede & Co. (or any successor or assign), as nominee for DTC. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding January 15 and July 15 (the "*Record Dates*" for the payment of interest on the Bonds). See "THE BONDS – Book-Entry-Only System" herein.

##### Redemption

The Bonds of this issue maturing prior to August 1, 2030 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after August 1, 2030 are redeemable at the option of the Borough in whole or in part on any date on or after August 1, 2029 at 100% of the principal amount outstanding (the "*Redemption Price*") plus interest accrued to the date of redemption upon notice as required herein.

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\*Preliminary, subject to change.

Notice of redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Borough or a duly appointed bond registrar. Any failure of the securities depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any notice of redemption shall not affect the validity of the redemption proceedings. If the Borough determines to redeem a portion of the Bonds prior to maturity, the Bonds to be redeemed shall be selected by the Borough; the Bonds to be redeemed having the same maturity shall be selected by the securities depository in accordance with its regulations.

### **Book-Entry Only System**

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

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

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

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

behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds 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 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

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

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Borough or the paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, 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 BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE NOTEHOLDERS OR REGISTERED OWNERS OF THE BONDS (OTHER THAN UNDER THE CAPTION "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE BONDS.

**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 Bonds 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**

The Bonds have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the New Jersey Statutes, as amended) (the "*Local Bond Law*"), the bond ordinances adopted by the Borough referred to in the chart below and a resolution duly adopted by the Borough on June 14, 2022 (the "*Bond Resolution*").

Ordinance Number	Description	Amount
1393	Generators at Main St. Pump Station & Willow Lake	\$ 157,500
1426/1442	Various Capital Improvements	769,053
1433	Acquisition of Vehicles & Equipment	111,241
1435	Borough Hall Generator	186,408
1337/1444	Sanitary Sewer Improvements	26,895
1458/1473/1529	Various Capital Improvements	747,439
1461	Acquisition of Vehicles	76,289
1472/1480/1490/1497/1528	Various Road Improvements	955,010
1488/1492	Sanitary Sewer Public Improvements	94,511
1495	Various Road Improvements	340,143
1501	Various Road Improvements	208,672
1505	Various Park Improvements	194,064
1511/1519	Various Capital Improvements	967,374
1535	Various Capital Improvements	950,401
		<u>\$ 5,785,000</u>

Proceeds from the sale and issuance of the Bonds will be used by the Borough to currently refund in full the Borough's \$5,785,000 Bond Anticipation Note, dated April 19, 2022 and maturing August 19, 2022, and pay the costs incurred in connection with the authorization, sale and issuance of the Bonds.

## SECURITY AND SOURCE OF PAYMENT

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

## MARKET PROTECTION

The Borough does not plan to issue an additional bonds or tax anticipation notes during 2022. The Borough may issue additional bond anticipation notes during 2022 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 property within the Borough to pay debt service on its bonds or notes, including the Bonds.

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, 2020 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 Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, 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.

## **INFECTIOUS DISEASE OUTBREAK – COVID-19**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, then President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy (the "Governor") of the State declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which has spread throughout the State and to all counties within the State. The Governor has also instituted mandatory measures via various executive orders to contain the spread of the virus. These measures, which alter the behavior of businesses and people, have had and may continue to have impacts on regional, state and local economies. Throughout the COVID-19 pandemic, the Governor has signed multiple executive orders instituting mitigation protocols limiting certain activities as well as permitting the resumption of certain activities, based on the evolution of the COVID-19 pandemic within the State. On June 4, 2021, the Governor signed legislation ending the public health emergency and keeping certain executive orders in place until January 1, 2022. On January 11, 2022, the Governor reaffirmed the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron Variant. With hospitalizations falling, vaccines and treatments available and Covid-19 moving into an endemic stage, Governor Murphy announced March 4, 2022 that he would end the State's public health emergency and lift certain restrictions effective March 7, 2022. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

As of December 31, 2021, the Borough's finances and operations had certain reduced revenue streams due to the COVID-19 pandemic; however, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak. The finances and operations of the Borough may be materially and adversely affected going forward as a result of the COVID-19 pandemic through reduced or delayed revenue streams, which include the collection of property taxes, which is the Borough's primary revenue source for supporting its budget. The Borough cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain facilities, costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on Borough operations. The degree of any such impact to the Borough's finances and operations is extremely difficult to predict due to the dynamic nature of the COVID-19 pandemic, including

uncertainties relating to its (i) duration and (ii) severity, as well as with regard to what additional actions may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 12, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan contains various forms of financial relief including an increase of up to \$1,400 in direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

The Borough received \$562,018 on June 21, 2021 and \$562,017 on July 8, 2022 from the Plan. The deadline to spend these funds is December 31, 2024.

Generally, according to the Plan, the allowable use of the funds to be provided to the Borough include the following categories: (a) to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses and nonprofits, or aid to impacted industries such as tourism, travel and hospitality; (b) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of the Borough that are performing such essential work, or by providing grants to eligible employers that have eligible workers who perform essential work; (c) for the provision of government services to the extent of the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year of the Borough prior to the emergency; and (d) to make necessary investments in water, sewer or broadband infrastructure. As of the date hereof, the Borough has not finally determined how it will spend the funds to be received.

## **TAX MATTERS**

### **Exclusion of Interest on the Bonds 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 Bonds in order to assure that interest on the Bonds 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 Bonds to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Bonds. The Borough will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Bonds, as to various tax requirements. The Borough has covenanted to comply with the provisions of the Code applicable to the Bonds and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) 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 Bonds from gross income for federal income tax purposes and with respect to the treatment of interest on the Bonds 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 ("Bond Counsel"), is of the opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds 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 Bonds 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 (i) the effect of future changes in 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 Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Borough or the owners of the Bonds 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 Bonds, under current IRS procedures, the IRS will treat the Borough as the taxpayer and the beneficial owners of the Bonds 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 Bonds 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 Bonds.

Payments of interest on tax-exempt obligations, including the Bonds, 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 Discount**

Certain maturities of the Bonds may be sold at an initial offering price less than the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the initial public offering price of the Discount Bonds at which a substantial amount of each of the Discount Bonds was sold and the principal amount payable at maturity of each of the Discount Bonds constitutes the original issue discount. Bond Counsel is of the opinion that the appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Bonds will be treated for federal income tax purposes as interest not includable in gross income under Section 103 of the Code to the same extent as stated interest on the Discount Bonds. Under Section 1288 of the Code, the original issue discount on the Discount Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bonds will be increased by the amount of such accrued discount. Owners of the Discount Bonds should consult their own tax advisors with respect to the determination for federal income tax purposes of the original issue discount properly accruable with respect to the Discount Bonds and the tax accounting treatment of accrued interest.



## **Original Issue Premium**

Certain maturities of the Bonds may be sold at an initial offering price in excess of the amount payable at the maturity date (the "Premium Bonds"). The excess, if any, of the tax basis of the Premium Bonds to a purchaser (other than a purchaser who holds such Premium Bonds 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 bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Bonds 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 Premium Bonds. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Bonds under the "constant yield method" described in regulations interpreting Section 1272 of the Code. Owners of the Premium Bonds should consult their own tax advisors with respect to the calculation of the amount of bond premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Premium Bonds.

## **Bank-Qualification**

The Bonds **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 Bonds**

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, 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 Bonds from gross income pursuant to Section 103 of the Code and interest on the Bonds not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Bonds should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Bonds.

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

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 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or

marketability of the Bonds. 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 Bonds 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 Bonds 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 BONDS ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE BONDS, 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 BONDS 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**

In accordance with the requirements of Rule 15c2-12 adopted by the SEC under the Securities and Exchange Act of 1934, as amended, the Borough has undertaken to file annual financial information and operating data and notice of certain enumerated events, pursuant to a Certificate as to the Undertaking of Secondary Market Disclosure for the Bonds in the form attached as Appendix D to this Official Statement.

The Borough has entered into prior undertakings to provide continuing disclosure for certain outstanding issuances. In the last five years, the Borough failed to timely file a notice of the incurrence of a financial obligation which was the bond anticipation note issued by the Borough on April 22, 2020 in the amount of \$5,193,000. Such notice has since been filed. The Borough has engaged the services of Digital Assurance Certification, L.L.C. 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 Bonds. 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 Bonds.

### **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 Bonds 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 Bonds 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**

NW Financial Group, LLC, Hoboken, New Jersey, has served as municipal advisor to the Borough with respect to the issuance of the Bonds ("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 Bonds have been purchased from the Borough at a public sale by \_\_\_\_\_ (the "*Underwriter*") at a price of \$ \_\_\_\_\_ (consisting of the par amount of the Bonds, plus an original issue premium in the amount of \$ \_\_\_\_\_ and less an underwriter's discount in the amount of \$ \_\_\_\_\_). The Underwriter has purchased the Bonds in accordance with the Notice of Sale. The Bonds are being offered for sale at the yields set forth on the inside front cover of this Official Statement.

### **RATING**

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("S&P"), has assigned the Bonds the rating of "AA". Such rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from S&P. There is no assurance that such rating will be retained for any given period of time or that such rating will not be revised downward entirely by such rating agency if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **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 & Bliss, 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 financial statements to the extent specified in the Independent Auditor's Report appearing in Appendix "B".

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

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 Brigitte Goncalves, Chief Financial Officer, Borough of Little Ferry, 215-217 Liberty Street, Little Ferry, New Jersey 07643, telephone number (201) 641-9234 or the Borough's Municipal Advisor, telephone number (201) 656-0115.

## **MISCELLANEOUS**

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

## **BOROUGH OF LITTLE FERRY**

By: \_\_\_\_\_  
Brigitte Goncalves  
Chief Financial Officer

Dated: August \_\_\_\_, 2022

**APPENDIX A**

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

## **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-four (24) 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 8<sup>th</sup>. 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 1980 are shown below:

<u>Area</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Borough of Little Ferry	9,399	9,989	10,800	10,626	10,987
County of Bergen	845,385	825,380	884,118	905,116	955,732
State of New Jersey	7,364,823	7,730,188	8,414,350	8,791,894	9,288,994

Source: U.S. Census Bureau.

**Income as of 2020**

	<u>Median Household Income</u>	<u>Median Family Income</u>	<u>Per Capita Income</u>
Borough of Little Ferry	\$69,224	\$83,673	\$35,674
County of Bergen	104,623	126,103	52,800
State of New Jersey	85,245	104,804	44,153

Source: U.S. Census Bureau, 2015-2020 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:

	<b>Total Labor Force</b>	<b>Employed Labor Force</b>	<b>Total Unemployed</b>	<b>Unemployment Rate</b>
<u>Borough of Little Ferry</u>				
2021	6,358	5,959	399	6.3%
2020	6,500	5,770	730	11.2%
2019	6,487	6,299	188	2.9%
2018	6,401	6,178	223	3.5%
2017	6,418	6,158	260	4.1%
<u>County of Bergen</u>				
2021	493,300	463,500	29,800	6.0%
2020	494,500	448,800	45,700	9.2%
2019	502,400	488,400	14,000	2.8%
2018	493,900	477,700	16,200	3.3%
2017	493,000	474,200	18,800	3.8%
<u>State of New Jersey</u>				
2021	4,661,100	4,365,400	295,700	6.3%
2020	4,642,900	4,203,300	439,600	9.5%
2019	4,686,700	4,528,200	158,500	3.4%
2018	4,609,800	4,426,600	183,200	4.0%
2017	4,615,000	4,406,200	208,800	4.5%

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Source: New Jersey Department of Labor



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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Anticipated Revenues					
Fund Balance	\$ 2,500,000	\$ 2,145,000	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000
Miscellaneous Revenues	2,875,760	2,120,038	2,156,104	2,212,112	2,217,867
Receipts from Delinquent Taxes	721,000	721,000	738,800	760,000	800,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>12,493,435</u>	<u>12,362,889</u>	<u>12,556,774</u>	<u>12,435,013</u>	<u>12,327,440</u>
	<u>\$ 18,590,195</u>	<u>\$ 17,348,927</u>	<u>\$ 17,151,678</u>	<u>\$ 17,107,125</u>	<u>\$ 17,045,307</u>
Appropriations					
Salaries and Wages	\$ 5,676,411	\$ 5,423,500	\$ 5,438,918	\$ 5,370,758	\$ 5,447,698
Other Expenses	7,645,444	7,423,721	7,195,954	7,151,583	7,140,415
Deferred Charges and Statutory Expenditures	1,401,732	1,502,522	1,454,294	1,513,041	1,264,971
Transfer to BOE	77,881	76,729	76,299	76,414	76,105
Capital Improvement Fund	1,279,509	500,000	500,000	500,000	500,000
Municipal Debt Service	1,409,218	1,322,455	1,386,213	1,395,329	1,516,118
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>\$ 18,590,195</u>	<u>\$ 17,348,927</u>	<u>\$ 17,151,678</u>	<u>\$ 17,107,125</u>	<u>\$ 17,045,307</u>

Source: Borough of Little Ferry 2022 Adopted Budget and Annual Audits

**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>
2021	\$7,548,740	\$2,500,000
2020	5,076,526	2,145,000
2019	4,360,604	1,700,000
2018	3,660,872	1,700,000
2017	3,069,954	1,700,000

Source: Borough Annual Audit Reports and 2022 Adopted Budget

**Current Tax Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2021	\$ 36,550,162	\$ 35,799,157	97.94%
2020	35,508,663	34,679,413	97.66%
2019	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%

Source: Borough Annual Audit Reports

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Levy</u>
2021	\$ 37,614	\$736,383	\$773,997	2.12%
2020	37,513	711,370	748,883	2.11%
2019	26,740	728,269	755,009	2.19%
2018	5,969	759,923	765,892	2.26%
2017	-	833,199	833,199	2.47%

Source: Borough Annual Audit Reports

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

<u>Year</u>	<u>Amount</u>
2021	\$1,062,600
2020	1,062,600
2019	1,062,600
2018	1,062,600
2017	1,062,600

Source: Borough Annual Audit Reports

## Ten Largest Taxpayers

The ten largest taxpayers in the Borough and their 2022 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>	<u>% of Total Assessed Valuation</u>
Dassault Falcon Jet Corp	\$40,121,000	3.21%
Waterside Plaza Apts. Associates	34,038,900	2.72%
Liberty Bell Village, LLC	18,000,000	1.44%
North Village II LLC NJ	17,643,300	1.41%
Gates Realty Corp	16,926,000	1.35%
250 Little Ferry TL LLC	12,500,000	1.00%
Gates Brothers Realty Corp	12,233,500	0.98%
North Village I LLC NJ	11,694,900	0.94%
100 Industrial Ave LLC	11,498,000	0.92%
Gates Brothers Realty Corp	11,377,400	0.91%
<b>Total</b>	<b>\$186,033,000</b>	<b>14.89%</b>

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>
2022	\$ 13,404,000	\$ 769,108,800	\$ 168,889,700	\$ 152,259,400	\$ 145,428,300	\$ 1,249,090,200
2021	7,261,200	688,771,700	148,383,400	138,291,300	132,321,300	1,115,028,900
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

<sup>(1)</sup> 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>
2022	\$1,249,090,200	\$100,000	\$1,249,190,200	95.96%	\$ 1,305,393,049
2021	1,115,028,900	100,000	1,115,128,900	93.88%	1,191,331,635
2020	1,090,194,300	100,000	1,090,294,300	96.27%	1,135,967,797
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

<sup>(1)</sup> Borough conducts an annual reassessment program each year.

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

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

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u> <sup>(1)</sup>
2021	\$3.234	\$1.108	\$1.856	\$0.270
2020	3.244	1.151	1.835	0.258
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

<sup>(1)</sup> 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> <sup>(1)</sup>
2021	\$36,550,162	\$12,813,638	\$20,698,625	\$3,037,899
2020	35,508,663	12,688,659	20,000,476	2,819,528
2019	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

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

Source: Borough of Bergenfield Annual Audit Reports

## 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, 2021

Municipal	
Equalized Valuation Basis (last 3 years average)	\$ 1,251,483,107
3 1/2% Borrowing Margin	43,801,909
Net Debt Issued, Outstanding and Authorized	13,652,521
Remaining Municipal Borrowing Capacity	30,149,388
Local School	
3% Borrowing Margin	37,544,493
Debt Issued, Outstanding and Authorized	-
Remaining School Borrowing Capacity	37,544,493

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

<u>Year</u>	<u>Gross Debt Amount</u>	<u>Statutory Net Debt</u>	
		<u>Amount</u>	<u>Percentage</u>
2021	\$ 13,725,896	\$ 13,652,521	1.09%
2020	14,137,689	14,085,401	1.20%
2019	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%

Source: Borough Annual Audit Reports

**Statement of Indebtedness  
As of December 31, 2021**

**GENERAL PURPOSES**

Bonds Issued and Outstanding	\$	5,240,000
Bond Anticipation Notes		6,030,000
Loans		110,023
Bonds and Notes Authorized But Not Issued		<u>2,345,873</u>

TOTAL GROSS DEBT \$ 13,725,896

**STATUTORY DEDUCTIONS**

Municipal Purpose		<u>73,375</u>
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TOTAL NET DEBT \$ 13,652,521

**OVERLAPPING DEBT**

County of Bergen (Note 1)	\$	9,273,044
Bergen County Utilities Authority (Note 2)		<u>2,405,139</u>

TOTAL OVERLAPPING DEBT \$ 11,678,183

**GROSS DEBT**

Per Capita (2020 Estimate - 10,987)	\$	1,249
Percent of Net Valuation Taxable (2021 - \$1,115,128,900)		1.23%
Percent of Estimated True Value of Real Property (2021 - \$1,191,331,635)		1.15%

**NET MUNICIPAL DEBT**

Per Capita (2020 Estimate - 10,987)	\$	1,243
Percent of Net Valuation Taxable (2021 - \$1,115,128,900)		1.22%
Percent of Estimated True Value of Real Property (2021 - \$1,191,331,635)		1.15%

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

Per Capita (2020 Estimate - 10,987)	\$	2,312
Percent of Net Valuation Taxable (2021 - \$1,115,128,900)		2.28%
Percent of Estimated True Value of Real Property (2021 - \$1,191,331,635)		2.13%

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 2021 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

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

Source: Borough 2021 Annual Debt Statement.

**APPENDIX B**

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

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

ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRISTOPHER VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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, 2021 and 2020, 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.

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

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, 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, 2021 and 2020, 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.

#### ***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 section of our report, 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, 2021 and 2020, or changes in financial position for the years then ended.



### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Little Ferry and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As discussed in Note 17 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, 2021 and 2020. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 67 percent and 71 percent of the assets and liabilities of the Borough's Trust Funds as of December 31, 2021 and 2020, respectively.

### ***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 and pervasive.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Little Ferry's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough of Little Ferry's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Little Ferry's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

By/s/

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

Fair Lawn, New Jersey  
July 18, 2022

**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
Cash	\$ 17,462,319	\$ 15,935,178
Grants Receivable	33,622	34,418
Due from State- Senior Citizens and Veterans Deductions	<u>10,374</u>	<u>10,124</u>
	<u>17,506,315</u>	<u>15,979,720</u>
Receivables and Other Assets with Full Reserves		
Delinquent Property Taxes Receivable	736,383	711,370
Tax Title Liens Receivable	37,614	37,513
Property Acquired for Taxes - Assessed Valuation	1,062,600	1,062,600
Revenue Accounts Receivable	8,743	158,338
Due from Animal Control Trust Fund	<u>5,276</u>	<u>3,413</u>
	<u>1,850,616</u>	<u>1,973,234</u>
Total Assets	<u>\$ 19,356,931</u>	<u>\$ 17,952,954</u>

**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND**  
**AS OF DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
Liabilities		
Appropriation Reserves	\$ 1,660,816	\$ 3,248,568
Encumbrances Payable	474,702	662,852
Accounts Payable	1,798	7,791
Local School District Taxes Payable	3,904,783	3,555,493
Prepaid Taxes	152,469	149,894
County Taxes Payable		11,096
Reserve for Tax Appeals	295,822	275,822
Reserve for Grants Appropriated	167,468	142,560
Reserve for Grants - Unappropriated	562,018	
Reserve for Tax Map	31,338	31,338
Reserve for Tax Rate Stabilization	2,450,000	2,450,000
Tax Overpayments	1,887	23,543
Due to General Capital Fund	1,638	18,254
Due to Length of Service Awards Program (LOSAP) Trust Fund	55,130	72,509
Due to Other Trust Fund	<u>197,706</u>	<u>253,474</u>
	9,957,575	10,903,194
Reserve for Receivables	1,850,616	1,973,234
Fund Balance	<u>7,548,740</u>	<u>5,076,526</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 19,356,931</u>	 <u>\$ 17,952,954</u>

**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>		
Fund Balance Utilized	\$ 2,145,000	\$ 1,700,000
Miscellaneous Revenue Anticipated	2,220,983	3,271,647
Receipts from Delinquent Taxes	711,277	713,162
Receipts from Current Taxes	35,799,157	34,679,413
Non-Budget Revenue	265,302	478,812
Other Credits to Income		
Statutory Excess - Animal Control	1,863	1,407
Cancelled Accounts Payable	7,791	15,000
Liquidate Prior Year Reserve for Revenue Accounts Receivable	155,000	
Cancelled Tax Overpayments	23,543	
Unexpended Balance of Appropriation Reserves	<u>3,304,315</u>	<u>1,817,660</u>
 Total Revenues	 <u>44,634,231</u>	 <u>42,677,101</u>
<b>EXPENDITURES</b>		
Operations		
Salaries and Wages	5,454,372	5,449,528
Other Expenses	7,421,622	8,417,412
Deferred Charges and Statutory		
Expenditures - Municipal	1,503,512	1,454,294
Capital Improvements	500,000	500,000
Municipal Debt Service	1,322,116	1,386,212
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	76,729	76,299
County Taxes Payable	2,997,344	2,808,432
Due County for Added and Omitted Taxes	40,555	11,096
Local District School Taxes Payable	20,698,625	20,000,476
Other Debits to Income		
Establish Reserve for Interfunds	1,863	1,407
Establish Reserve for Revenue Accounts Receivable		155,000
Refund Prior Year Revenue	<u>279</u>	<u>1,023</u>
 Total Expenditures	 <u>40,017,017</u>	 <u>40,261,179</u>
 Statutory Excess to Fund Balance	 4,617,214	 2,415,922
 Fund Balance, January 1	 <u>5,076,526</u>	 <u>4,360,604</u>
	9,693,740	6,776,526
Decreased by:		
Utilization as Anticipated Revenue	<u>2,145,000</u>	<u>1,700,000</u>
 Fund Balance, December 31	 <u>\$ 7,548,740</u>	 <u>\$ 5,076,526</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, 2021 AND 2020**

	<u>2021</u>		<u>2020</u>	
	<u>Budget After</u> <u>Modification</u>	<u>Realized</u>	<u>Budget After</u> <u>Modification</u>	<u>Realized</u>
<b>FUND BALANCE ANTICIPATED</b>	\$ 2,145,000	\$ 2,145,000	\$ 1,700,000	1,700,000
<b>MISCELLANEOUS REVENUES</b>				
Licenses				
Alcoholic Beverages	33,000	35,376	35,300	\$ 33,626
Other	47,000	53,331	49,000	47,963
Fees and Permits	25,842	23,560	25,000	11,584
Fines and Costs				
Municipal Court	123,969	86,167	144,000	81,644
Interest and Costs on Taxes	160,000	172,935	179,000	160,116
Energy Receipts Tax	938,349	938,349	938,349	938,349
Uniform Fire Safety Act	19,000	22,038	20,000	19,936
Uniform Construction Code Fees	255,000	357,360	200,000	257,597
State and Federal Revenues Offset with Appropriations				
Municipal Recycling Assistance	12,432	12,432	11,835	11,835
Clean Communities Grant	18,174	18,174	17,068	17,068
County of Bergen CARES Act			1,000,000	1,000,000
FEMA - CARES Act			35,000	35,000
Assistance to Firefighters Grant			180,000	180,000
EMAA -Emergency Management Grant	10,000	10,000		
Alcohol Education & Rehabilitation Grant	1,590	1,590		
Body Armor Grant	2,035	2,035	2,598	2,598
Municipal Alliance	7,159	7,159	9,876	9,876
Other Special Items:				
Reserve for Payment of Debt	20,000	20,000	52,288	52,288
Hotel Tax	69,783	52,997	68,000	54,190
Cell Tower Rents	49,000	52,123	48,000	50,119
Summer Recreation	46,553	44,441	65,000	-
Shared Service Agreement - Bogota Court	84,584	84,584	82,925	82,925
Shared Service Agreement - Tenafly-Registrar	21,649	21,649	21,224	21,224
Shared Service Agreement- School Resource Office	49,683	49,683	48,709	48,709
Interlocal Agreement - BCUA	155,000	155,000	155,000	155,000
Total Miscellaneous Revenues	<u>2,149,802</u>	<u>2,220,983</u>	<u>3,388,172</u>	<u>3,271,647</u>
<b>RECEIPTS FROM DELINQUENT TAXES</b>	<u>721,000</u>	<u>711,277</u>	<u>738,800</u>	<u>713,162</u>
<b>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</b>				
Local Tax For Municipal Purposes	11,945,493	12,745,237	12,166,838	12,569,473
Minimum Library Tax	<u>417,396</u>	<u>417,396</u>	<u>389,936</u>	<u>389,936</u>
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>12,362,889</u>	<u>13,162,633</u>	<u>12,556,774</u>	<u>12,959,409</u>
Total General Revenues	<u>\$ 17,378,691</u>	<u>\$ 18,239,893</u>	<u>\$ 18,383,746</u>	<u>\$ 18,644,218</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021 Appropriations</u>		<u>2021 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	\$ 159,955	\$ 159,955	\$ 156,747	\$ 3,208	
Other Expenses - Postage	20,350	20,350	15,514	4,836	
Other Expenses - Miscellaneous	197,740	197,740	140,824	56,916	
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	6,007	2,893	
Municipal Clerk					
Salaries & Wages	86,782	87,082	87,082	-	
Other Expenses	21,675	21,675	11,222	10,453	
Other Expenses - Elections	8,250	8,250	7,869	381	
Financial Administration (Treasury)					
Salaries & Wages	140,161	140,161	128,894	11,267	
Other Expenses	46,000	46,000	28,718	17,282	
Audit Services					
Other Expenses	47,500	47,500	46,600	900	
Revenue Administration (Tax Collection)					
Salaries & Wages	50,412	50,412	50,208	204	
Other Expenses	14,250	14,250	9,624	4,626	
Assessment of Taxes					
Salaries & Wages	20,185	20,185	17,479	2,706	
Other Expenses	63,425	63,425	39,005	24,420	
Legal Services & Costs					
Other Expenses - Fees and Costs	136,000	136,000	107,712	28,288	
Other Expenses - Special Counsel	15,000	15,000	5,680	9,320	
Engineering Services & Costs					
Other Expenses	30,000	30,500	30,455	45	
Historic Society					
Other Expenses	100	100		100	
Planning Board/ Zoning Board					
Salaries & Wages	5,796	5,796	5,682	114	
Other Expenses	17,600	17,600	6,535	11,065	
Insurance					
General Liability	487,750	487,750	471,616	16,134	
Employee Group Health	1,969,750	1,814,486	1,275,785	538,701	
PUBLIC SAFETY					
Aid to Volunteer Ambulance First Aid Squad					
Fire					
Salaries & Wages	8,474	8,474	8,474		
Salaries & Wages - Uniform Fire Safety	29,585	29,585	24,785	4,800	
Other Expenses - Clothing Allowance	58,140	58,140	-	58,140	
Other Expenses - Miscellaneous	65,100	65,190	65,135	55	
Other Expenses - Uniform Fire Safety	24,488	24,488	13,539	10,949	
Other Expenses - Fire Hydrant Services	100,000	100,000	93,488	6,512	

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021 Appropriations</u>		<u>2021 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	\$ 3,334,787	\$ 3,334,787	\$ 3,055,526	\$ 279,261	
Other Expenses - Miscellaneous	140,850	140,850	120,954	19,896	
Office of Emergency Management					
Other Expenses	17,000	17,000	14,030	2,970	
PUBLIC WORKS					
Streets & Roads Maintenance					
Salaries & Wages	961,873	961,873	902,091	59,782	
Other Expenses	108,858	108,858	108,858	-	
Other Public Works Functions					
Other Expenses - Sewer System	52,600	52,600	9,185	43,415	
Other Expenses - Drainage	46,000	46,000	24,032	21,968	
Other Expenses - Beautification Comm.	5,000	5,000	4,273	727	
Solid Waste Collection					
Other Expenses	350,000	350,000	301,232	48,768	
Buildings and Grounds					
Salaries & Wages	31,172	31,600	31,599	1	
Other Expenses	95,200	95,625	92,864	2,761	
Other Expenses - Environmental Testing	3,000	5,385	5,385		
Vehicle Maintenance					
Other Expenses	79,500	79,500	72,672	6,828	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	8,833	12,501	12,500	1	
Other Expenses	57,350	57,350	53,888	3,462	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries & Wages	35,000	35,000	30,537	4,463	
Other Expenses	82,450	82,450	50,002	32,448	
Maintenance of Parks and Playgrounds					
Other Expenses	30,000	30,000	28,516	1,484	
OTHER COMMON OPERATING FUNCTIONS					
Salary & Wage Adjustment	40,000	40,000	40,000	-	
Senior Citizen Program					
Other Expenses	7,100	7,100	5,125	1,975	
Senior Citizen / Community Busing					
Salaries & Wages	2,500	2,500		2,500	
Municipal Court					
Salaries and Wages	47,240	47,241	47,240	1	
Other Expenses	25,100	25,100	21,507	3,593	



**BOROUGH OF LITTLE FERRY  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021 Appropriations</u>		<u>2021 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	\$ 113,879	\$ 140,354	\$ 138,565	\$ 1,789	
Other Expenses	11,250	11,250	7,356	3,894	
Other Code Enforcement Functions					
Rent Leveling Board					
Other Expenses	50	50		50	
Unclassified:					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	210,000	210,000	205,996	4,004	
Street Lighting	125,000	125,000	113,104	11,896	
Telephone	30,000	30,000	28,713	1,287	
Water	18,350	18,350	18,336	14	
Gasoline	80,000	80,000	72,944	7,056	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Garbage - Tipping Fees	300,000	420,000	375,658	44,342	
Recycling - Leaf Disposal	55,000	55,000	53,437	1,563	-
Total Operations Within "CAPS"	<u>10,399,260</u>	<u>10,398,268</u>	<u>8,948,097</u>	<u>1,450,171</u>	<u>-</u>
Detail:					
Salaries & Wages	5,112,584	5,143,456	4,773,359	370,097	-
Other Expenses	<u>5,286,676</u>	<u>5,254,812</u>	<u>4,174,738</u>	<u>1,080,074</u>	<u>-</u>
DEFERRED CHARGES / REGULATORY EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deferred Charges					
Prior Year Bills					
Hackensack Meridian	1,200	1,200	1,200		
Edmunds GovTech	792	792	792		
Occupational Medicine-Corporate Wellness	383	383	382		\$ 1
Statutory Charges					
Social Security System (O.A.S.I.)	215,000	215,000	208,340	6,660	
Public Employees Retirement System	265,946	266,937	266,936	1	
Consolidated Police & Fire Retirement System	100	100	-	100	
Police & Firemens' Retirement System	1,010,001	1,010,001	1,010,000	1	
Pension Adjustment Fund	100	100		100	
Defined Contribution Retirement Program	9,000	9,000	5,482	3,518	-
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"	<u>1,502,522</u>	<u>1,503,513</u>	<u>1,493,132</u>	<u>10,380</u>	<u>1</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>11,901,782</u>	<u>11,901,781</u>	<u>10,441,229</u>	<u>1,460,551</u>	<u>1</u>

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021 Appropriations</u>		<u>2021 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)	\$ 417,396	\$ 417,396	\$ 313,718	\$ 103,678	
Sewerage Processing and Disposal Costs					
Bergen County Utilities Authority - Operation and Maintenance	1,100,540	1,100,541	1,100,541	-	
Bergen County Utilities Authority - Debt Service	417,783	417,783	417,783	-	
South Hackensack Sewer Charges	27,000	27,000	26,733	267	
Recycling Tax	15,000	15,000	15,000	-	
Reserve for Tax Appeals	20,000	20,000	20,000		
Public Safety Functions					
LOSAP	<u>110,000</u>	<u>110,000</u>	<u>55,130</u>	<u>54,870</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>2,107,719</u>	<u>2,107,720</u>	<u>1,948,905</u>	<u>158,815</u>	<u>-</u>
Interlocal Municipal Services Agreement					
Bergen County Utilities Authority					
Salaries & Wages	155,000	155,000	130,000	25,000	
Tenafly Registrar Shared Services					
Salaries & Wages	21,649	21,649	10,200	11,449	
Bogota Shared Services					
Salaries & Wages	84,584	84,584	79,583	5,001	
Other Expenses	4,700	4,700	4,700	-	
School Resource Officer	<u>49,683</u>	<u>49,683</u>	<u>49,683</u>	<u>-</u>	<u>-</u>
Total Interlocal Municipal Service Agreements	<u>315,616</u>	<u>315,616</u>	<u>274,166</u>	<u>41,450</u>	<u>-</u>
Public and Private Programs Offset by Revenues					
Body Armor Replacement Program	2,035	2,035	2,035		
Assistance to Firefighters		1,590	1,590		
EMAA - Emergency Management Grant		10,000	10,000		
Municipal Alliance	7,159	7,159	7,159		
Municipal Alliance- Local Match	3,000	3,000	3,000		
Clean Communities		18,174	18,174		
Municipal Recycling Assistance	<u>12,432</u>	<u>12,432</u>	<u>12,432</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>24,626</u>	<u>54,390</u>	<u>54,390</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,447,961</u>	<u>2,477,726</u>	<u>2,277,461</u>	<u>200,265</u>	<u>-</u>
Detail:					
Salaries & Wages	310,916	310,916	269,466	41,450	-
Other Expenses	<u>2,137,045</u>	<u>2,166,810</u>	<u>2,007,995</u>	<u>158,815</u>	<u>-</u>

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021 Appropriations</u>		<u>2021 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	850,000	850,000	850,000		
Payment of Bond Anticipation Notes	171,873	171,873	171,873		
Interest on Bonds	183,325	183,325	183,325		
Interest on Notes	106,500	106,500	106,161		\$ 339
Green Trust Loan Repayments - Princ. & Interest	<u>10,757</u>	<u>10,757</u>	<u>10,757</u>	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>1,322,455</u>	<u>1,322,455</u>	<u>1,322,116</u>	-	<u>339</u>
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	<u>76,729</u>	<u>76,729</u>	<u>76,729</u>	-	-
Total General Appropriations Excluded from "CAPS"	<u>4,347,145</u>	<u>4,376,910</u>	<u>4,176,306</u>	\$ 200,265	<u>339</u>
Subtotal General Appropriations	16,248,927	16,278,691	14,617,535	1,660,816	340
Reserve for Uncollected Taxes	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	-	-
Total General Appropriations	<u>\$ 17,348,927</u>	<u>\$ 17,378,691</u>	<u>\$ 15,717,535</u>	<u>\$ 1,660,816</u>	<u>\$ 340</u>
Budget as Adopted		\$ 17,348,927			
Added by 40A:4-87		<u>29,764</u>			
		<u>\$ 17,378,691</u>			

**BOROUGH OF LITTLE FERRY  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020 Appropriations</u>		<u>2020 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	\$ 154,200	\$ 154,200	\$ 153,786	\$ 414	
Other Expenses - Postage	23,650	23,650	10,974	12,676	
Other Expenses - Miscellaneous	199,740	199,740	135,009	64,731	
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	3,226	5,674	
Municipal Clerk					
Salaries & Wages	85,080	85,381	85,380	1	
Other Expenses	22,925	22,925	6,923	16,002	
Other Expenses - Elections	8,250	8,250	5,887	2,363	
Financial Administration (Treasury)					
Salaries & Wages	133,723	133,723	105,675	28,048	
Other Expenses	46,000	46,000	33,542	12,458	
Audit Services					
Other Expenses	46,000	46,000	46,000		
Revenue Administration (Tax Collection)					
Salaries & Wages	49,627	49,627	49,423	204	
Other Expenses	13,750	13,750	8,174	5,576	
Assessment of Taxes					
Salaries & Wages	19,842	19,842	17,136	2,706	
Other Expenses	67,425	67,425	36,697	30,728	
Legal Services & Costs					
Other Expenses - Fees and Costs	136,000	136,000	96,179	39,821	
Other Expenses - Special Counsel	15,000	15,000	6,213	8,787	
Engineering Services & Costs					
Other Expenses	30,000	30,000	3,360	26,640	
Historic Society					
Other Expenses	100	100		100	
Planning Board/ Zoning Board					
Salaries & Wages	5,682	5,712	5,711	1	
Other Expenses	17,600	18,300	18,277	23	
Insurance					
General Liability	479,884	479,884	465,756	14,128	
Employee Group Health	1,968,852	1,926,940	1,343,428	583,512	
PUBLIC SAFETY					
Aid to Volunteer Ambulance First Aid Squad					
Fire					
Salaries & Wages	8,474	8,474	8,474		
Salaries & Wages - Uniform Fire Safety	25,634	25,634	25,580	54	
Other Expenses - Clothing Allowance	58,140	58,140	4,950	53,190	
Other Expenses - Miscellaneous	62,000	62,000	51,432	10,568	
Other Expenses - Uniform Fire Safety	23,600	23,600	12,844	10,756	
Other Expenses - Fire Hydrant Services	100,000	100,000	93,488	6,512	

**BOROUGH OF LITTLE FERRY  
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020 Appropriations</u>		<u>2020 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	\$ 3,404,413	\$ 3,404,413	\$ 1,872,141	\$ 1,532,272	
Other Expenses - Miscellaneous	141,660	141,660	112,160	29,500	
Office of Emergency Management					
Other Expenses	17,000	35,000		35,000	
PUBLIC WORKS					
Streets & Roads Maintenance					
Salaries & Wages	945,088	945,088	873,980	71,108	
Other Expenses	112,370	112,370	78,163	34,207	
Other Public Works Functions					
Other Expenses - Sewer System	52,600	52,600	23,535	29,065	
Other Expenses - Drainage	46,000	46,000	10,574	35,426	
Other Expenses - Beautification Comm.	5,000	5,000	3,452	1,548	
Waste Collection					
Other Expenses	350,000	350,000	294,240	55,760	
Buildings and Grounds					
Salaries & Wages	29,131	31,109	31,109		
Other Expenses	96,050	96,050	56,749	39,301	
Other Expenses - Environmental Testing	3,000	3,000	3,000		
Vehicle Maintenance					
Other Expenses	79,800	79,800	68,745	11,055	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	8,659	8,660	8,659	1	
Other Expenses	57,350	57,350	54,305	3,045	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries & Wages	35,000	35,000	694	34,306	
Other Expenses	82,050	82,050	28,483	53,567	
Maintenance of Parks and Playgrounds					
Other Expenses	32,500	32,500	7,342	25,158	
OTHER COMMON OPERATING FUNCTIONS					
Salary & Wage Adjustment	40,000	40,000		40,000	
Senior Citizen Program					
Other Expenses	7,100	7,100	1,667	5,433	
Senior Citizen / Community Busing					
Salaries & Wages	2,500	2,500		2,500	
Municipal Court					
Salaries and Wages	46,412	46,412	46,331	81	
Other Expenses	24,850	24,850	10,147	14,703	

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020 Appropriations</u>		<u>2020 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	\$ 111,645	\$ 119,945	\$ 119,915	\$ 30	
Other Expenses	10,250	15,800	9,408	6,392	
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	197,211	17,789	
Street Lighting	135,000	135,000	115,804	19,196	
Telephone	30,000	30,000	29,562	438	
Water	17,000	18,350	18,350	-	
Gasoline	100,000	100,000	40,653	59,347	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Garbage - Tipping Fees	300,000	300,000	293,003	6,997	
Recycling - Leaf Disposal	55,000	60,700	60,700	-	-
<b>Total Operations Within "CAPS"</b>	<u>10,463,606</u>	<u>10,463,604</u>	<u>7,359,556</u>	<u>3,104,048</u>	<u>-</u>
Detail:					
Salaries & Wages	5,141,060	5,151,670	3,439,944	1,711,726	-
Other Expenses	5,322,546	5,311,934	3,919,612	1,392,322	-
DEFERRED CHARGES / REGULATORY					
EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Deferred Charges					
Prior Year Bills					
Hackensack Meridian	3,600	3,600	3,600		
Nature's Choice	9,384	9,384	9,384		
Statutory Charges					
Social Security System (O.A.S.I.)	215,000	215,000	200,009	14,991	
Public Employees Retirement System	241,299	241,299	241,299		
Consolidated Police & Fire Retirement System	100	100		100	
Police & Firemens' Retirement System	944,050	944,050	944,050		
Pension Adjustment Fund	100	100		100	
Defined Contribution Retirement Program	9,000	9,000	6,119	2,881	-
<b>Total Deferred Charges &amp; Statutory</b>					
Expenditures - Municipal within "CAPS"	<u>1,422,533</u>	<u>1,422,533</u>	<u>1,404,461</u>	<u>18,072</u>	<u>-</u>
<b>Total General Appropriations for Municipal</b>					
Purposes Within "CAPS"	<u>11,886,139</u>	<u>11,886,137</u>	<u>8,764,017</u>	<u>3,122,120</u>	<u>-</u>

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020 Appropriations</u>		<u>2020 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)	\$ 389,936	\$ 389,936	\$ 323,697	\$ 66,239	
Sewerage Processing and Disposal Costs					
Bergen County Utilities Authority - Operation and Maintenance	921,743	921,743	919,934	1,809	
Bergen County Utilities Authority - Debt Service	357,420	357,422	357,421	1	
South Hackensack Sewer Charges	27,000	27,000	24,061	2,939	
Recycling Tax	15,000	15,000	14,999	1	
Reserve for Tax Appeals	20,000	20,000	20,000		
Public Safety Functions					
LOSAP- Fire Dept.	<u>110,000</u>	<u>110,000</u>	<u>72,509</u>	<u>37,491</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,841,099</u>	<u>1,841,101</u>	<u>1,732,621</u>	<u>108,480</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	21,224	21,224	10,200	11,024	
Bogota Shared Services					
Salaries & Wages	77,925	77,925	73,436	4,489	
Other Expenses	5,000	5,000	2,545	2,455	
School Resource Officer	<u>48,709</u>	<u>48,709</u>	<u>48,709</u>	<u>-</u>	<u>-</u>
Total Interlocal Municipal Service Agreements	<u>302,858</u>	<u>302,858</u>	<u>284,890</u>	<u>17,968</u>	<u>-</u>
Public and Private Programs Offset by Revenues					
Body Armor Replacement Program	2,598	2,598	2,598		
Assistance to Firefighters		180,000	180,000		
County of Bergen - CARES Act		1,000,000	1,000,000		
FEMA - CARES Act		35,000	35,000		
Municipal Alliance	9,876	9,876	9,876		
Municipal Alliance- Local Match	3,000	3,000	3,000		
Clean Communities		17,068	17,068		
Municipal Recycling Assistance	<u>11,835</u>	<u>11,835</u>	<u>11,835</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>27,309</u>	<u>1,259,377</u>	<u>1,259,377</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>2,171,266</u>	<u>3,403,336</u>	<u>3,276,888</u>	<u>126,448</u>	<u>-</u>
Detail:					
Salaries & Wages	297,858	297,858	282,345	15,513	-
Other Expenses	<u>1,873,408</u>	<u>3,105,478</u>	<u>2,994,543</u>	<u>110,935</u>	<u>-</u>

**BOROUGH OF LITTLE FERRY**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020 Appropriations</u>		<u>2020 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	825,000	825,000	825,000		
Payment of Bond Anticipation Notes	210,403	210,403	210,403		
Interest on Bonds	206,513	206,513	206,512		\$ 1
Interest on Notes	133,540	133,540	133,540		
Green Trust Loan Repayments - Princ. & Interest	<u>10,757</u>	<u>10,757</u>	<u>10,757</u>	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>1,386,213</u>	<u>1,386,213</u>	<u>1,386,212</u>	-	1
DEFERRED CHARGES - Excluded from CAPS Unfunded General Capital Ordinances- Ord. 1418	<u>31,761</u>	<u>31,761</u>	<u>31,761</u>	-	-
Total Deferred Charges- Excluded from "CAPS"	<u>31,761</u>	<u>31,761</u>	<u>31,761</u>	-	-
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	<u>76,299</u>	<u>76,299</u>	<u>76,299</u>	-	-
Total General Appropriations Excluded from "CAPS"	<u>4,165,539</u>	<u>5,397,609</u>	<u>5,271,160</u>	\$ 126,448	1
Subtotal General Appropriations	16,051,678	17,283,746	14,035,177	3,248,568	1
Reserve for Uncollected Taxes	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	-	-
Total General Appropriations	<u>\$ 17,151,678</u>	<u>\$ 18,383,746</u>	<u>\$ 15,135,177</u>	<u>\$ 3,248,568</u>	<u>\$ 1</u>
Budget as Adopted		\$ 17,151,678			
Added by 40A:4-87		<u>1,232,068</u>			
		<u>\$ 18,383,746</u>			



**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>ANIMAL CONTROL TRUST FUND</b>		
Cash	\$ 10,107	\$ 8,976
	<u>10,107</u>	<u>8,976</u>
<b>OTHER TRUST FUND</b>		
Cash	1,116,106	636,761
Due from Current Fund	<u>197,706</u>	<u>253,474</u>
	<u>1,313,812</u>	<u>890,235</u>
<b>COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND</b>		
Cash	100	100
Due from Other Trust Fund	<u>100</u>	<u>100</u>
	<u>200</u>	<u>200</u>
<b>UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND</b>		
Cash	<u>37,738</u>	<u>32,489</u>
	<u>37,738</u>	<u>32,489</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM</b>		
<b>TRUST FUND-(LOSAP)-(UNAUDITED)</b>		
Investments	2,719,568	2,248,849
Due from Current Fund	<u>55,130</u>	<u>72,509</u>
	<u>2,774,698</u>	<u>2,321,358</u>
Total Assets	<u>\$ 4,136,555</u>	<u>\$ 3,253,258</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS**  
**AS OF DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
<b>ANIMAL CONTROL TRUST FUND</b>		
Reserve for Animal Control Trust Fund Expenditures	\$ 4,829	\$ 5,559
Due to State of New Jersey	2	4
Due to Current Fund	<u>5,276</u>	<u>3,413</u>
	<u>10,107</u>	<u>8,976</u>
<b>OTHER TRUST FUND</b>		
Escrow and Miscellaneous Deposits	680,610	379,527
Payroll Deductions Payable	80,111	48,192
Reserve for POAA	9,678	9,282
Reserve for Municipal Alliance Fund	70	70
Reserve for Recreation Fees	82,253	78,261
Reserve for Accumulated Leave Compensation	197,727	253,499
Reserve for Affordable Housing	263,263	121,304
Due to Community Development Trust Fund	<u>100</u>	<u>100</u>
	<u>1,313,812</u>	<u>890,235</u>
<b>COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND</b>		
Due to General Capital Fund	<u>200</u>	<u>200</u>
	<u>200</u>	<u>200</u>
<b>UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND</b>		
Due to State of New Jersey		2,446
Reserve for Expenditures	<u>37,738</u>	<u>30,043</u>
	<u>37,738</u>	<u>32,489</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM</b>		
<b>TRUST FUND (LOSAP) (UNAUDITED)</b>		
Reserve for LOSAP Benefits	<u>2,774,698</u>	<u>2,321,358</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 4,136,555</u>	<u>\$ 3,253,258</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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 1,289,004	\$ 1,395,977
Grants Receivable	952,325	891,338
Deferred Charges to Future Taxation		
Funded	5,350,023	6,383,453
Unfunded	8,322,498	7,588,354
Due from Current Fund	1,638	18,254
Due from Community Development Trust Fund	<u>200</u>	<u>200</u>
 Total Assets	 <u>\$ 15,915,688</u>	 <u>\$ 16,277,576</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
General Serial Bonds Payable	\$ 5,240,000	\$ 6,265,000
Bond Anticipation Notes Payable	6,030,000	5,193,000
Green Acres Loan Payable	110,023	118,453
Improvement Authorizations		
Funded	365,528	728,913
Unfunded	2,063,766	1,870,188
Encumbrances/Contracts Payable	559,274	497,709
Reserve for Grants Receivable	952,325	891,338
Reserve for Payment of Debt	20,000	20,000
Reserve for Field Improvements	15,310	15,310
Capital Improvement Fund	319,242	541,042
Fund Balance	<u>240,220</u>	<u>136,623</u>
 Total Liabilities, Reserves and Fund Balance	 <u>\$ 15,915,688</u>	 <u>\$ 16,277,576</u>

There were bonds and notes authorized but not issued at December 31, 2021 and 2020 amounting to \$2,345,873 and \$2,395,354, respectively.

**BOROUGH OF LITTLE FERRY**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Balance, January 1	\$ 136,623	\$ 483,890
Increased by:		
Premium on Sale of Bonds and Notes	103,597	
Funded Improvement Authorizations Cancelled	<u>-</u>	<u>77,733</u>
	240,220	561,623
Decreased by:		
Appropriated to Finance Improvement Authorizations	<u>-</u>	<u>425,000</u>
Balance, December 31	<u>\$ 240,220</u>	<u>\$ 136,623</u>

**BOROUGH OF LITTLE FERRY  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL FIXED ASSETS ACCOUNT GROUP  
AS OF DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Land and Land Improvements	\$ 8,509,786	\$ 8,509,786
Buildings and Building Improvements	17,174,334	17,174,334
Machinery and Equipment	<u>7,676,895</u>	<u>7,283,279</u>
 Total Assets	 <u>\$ 33,361,015</u>	 <u>\$ 32,967,399</u>
 <b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 33,361,015</u>	<u>\$ 32,967,399</u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**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, 2021 AND 2020**

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

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

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

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

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

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

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



**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**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, 2020 balances to conform to the December 31, 2021 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, 2021 AND 2020**

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

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

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

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

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

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

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

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**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, 2021 AND 2020**

**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, 2021 AND 2020**

**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 2021 and 2020 the Borough Council increased the original budget by \$29,764 and \$1,232,068. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2021 and 2020.

**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, 2021 and 2020, the book value of the Borough's deposits were \$19,915,374 and \$18,009,481, and bank and brokerage firm balances of the Borough's deposits amounted to \$20,676,734 and \$18,150,570, 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>2021</u>	<u>2020</u>
Insured	\$ <u>20,676,734</u>	\$ <u>18,150,570</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. However, as of December 31, 2021 and 2020, none of the bank balances were exposed to custodial credit risk.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**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, 2021 and 2020, the Borough had the following investments:

	<b>Fair Value</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
Investment:		
Lincoln Financial Group LOSAP Investment Fund ( Unaudited)	\$ 2,719,568	\$ 2,248,849

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, 2021 and 2020, \$2,719,568 and \$2,248,849 of the Borough’s investments was exposed to custodial credit risk as follows:

	<b>Fair Value (LOSAP - Unaudited)</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 2,719,568	\$ 2,248,849

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

**B. Investments (Continued)**

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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, 2021 and 2020, the Borough’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Services.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. 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.

Fair Value of Investments. The Borough of Little Ferry measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2021 and 2020 are categorized as Level 2. 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, 2021 and 2020 consisted of the following:

<u>Current</u>	<u>2021</u>	<u>2020</u>
Property Taxes	\$ 736,383	\$ 711,370
Tax Title Liens	<u>37,614</u>	<u>37,513</u>
	<u>\$ 773,997</u>	<u>\$ 748,883</u>

In 2021 and 2020, the Borough collected \$711,277 and \$713,162 from delinquent taxes, which represented 95% and 94%, respectively, of the prior year delinquent taxes receivable balance.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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

	<u>2021</u>		<u>2020</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 5,276	\$ 254,474	\$ 3,413	\$ 344,237
Trust Funds:				
Animal Control		5,276		3,413
Other Trust	197,706	100	253,474	100
Community Development Block Grant Length of Service Awards Program (LOSAP)	100	200	100	200
General Capital Fund	55,130		72,509	
	<u>1,838</u>	<u>-</u>	<u>18,454</u>	<u>-</u>
Total	<u>\$ 260,050</u>	<u>\$ 260,050</u>	<u>\$ 347,950</u>	<u>\$ 347,950</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.

**NOTE 6 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, 2021 and 2020 are as follows:

	<u>Local District School</u>	
	<u>2021</u>	<u>2020</u>
Balance of Tax	\$10,310,027	\$9,960,737
Deferred Liability	<u>6,405,244</u>	<u>6,405,244</u>
Taxes Payable	<u>\$3,904,783</u>	<u>\$3,555,493</u>



**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 7 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:

	<b>2021</b>		<b>2020</b>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 7,504,744	\$ 2,500,000	\$ 5,031,984	\$ 2,145,000
Non-Cash Surplus	<u>43,996</u>	<u>-</u>	<u>44,542</u>	<u>-</u>
	<u>\$ 7,548,740</u>	<u>\$ 2,500,000</u>	<u>\$ 5,076,526</u>	<u>\$ 2,145,000</u>

**NOTE 8 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, 2021 and 2020.

	<u>2021</u>			<u>Balance, December 31, 2021</u>
	<u>Balance December 31, 2020</u>	<u>Increases</u>	<u>Decreases</u>	
Land and Land Improvements	\$ 8,509,786			\$ 8,509,786
Buildings and Building Improvements	17,174,334			17,174,334
Machinery and Equipment	<u>7,283,279</u>	<u>\$ 453,696</u>	<u>\$ 60,080</u>	<u>7,676,895</u>
	<u>\$ 32,967,399</u>	<u>\$ 453,696</u>	<u>\$ 60,080</u>	<u>\$ 33,361,015</u>
	<u>2020</u>			<u>Balance, December 31, 2020</u>
	<u>Balance December 31, 2019</u>	<u>Increases</u>	<u>Decreases</u>	
Land and Land Improvements	\$ 8,500,486	\$ 9,300		\$ 8,509,786
Buildings and Building Improvements	17,174,334			17,174,334
Machinery and Equipment	<u>6,898,773</u>	<u>463,552</u>	<u>\$ 79,046</u>	<u>7,283,279</u>
	<u>\$ 32,573,593</u>	<u>\$ 472,852</u>	<u>\$ 79,046</u>	<u>\$ 32,967,399</u>

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 9 MUNICIPAL DEBT**

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects and acquisitions. 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 and acquisitions or other purposes permitted by the Local Bond Law, 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>2021</u>	<u>2020</u>
Issued		
General		
Bonds, Notes and Loans	\$ 11,380,023	\$ 11,576,453
Less Funds Temporarily Held to Pay Bonds and Notes	<u>73,375</u>	<u>20,000</u>
Net Debt Issued	11,306,648	11,556,453
Authorized But Not Issued		
General		
Bonds and Notes	<u>2,345,873</u>	<u>2,395,354</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 13,652,521</u>	<u>\$ 13,951,807</u>

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 9 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 1.091% and 1.189% at December 31, 2021 and 2020, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2021</u></b>			
General Debt	\$ 13,725,896	\$ 73,375	\$ 13,652,521
School Debt	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 13,725,896</u>	<u>\$ 73,375</u>	<u>\$ 13,652,521</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2020</u></b>			
General Debt	\$ 13,971,807	\$ 20,000	\$ 13,951,807
School Debt	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 13,971,807</u>	<u>\$ 20,000</u>	<u>\$ 13,951,807</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>2021</u>	<u>2020</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 43,801,909	\$ 41,071,917
Less: Net Debt	<u>13,652,521</u>	<u>13,951,807</u>
Remaining Borrowing Power	<u>\$ 30,149,388</u>	<u>\$ 27,120,110</u>

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 9 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>2021</u>	<u>2020</u>
\$6,300,000, 2010 Bonds, due in annual installments of \$650,000 through September, 2025, interest at 2.00% to 3.00%		\$ 3,250,000
\$3,727,000, 2017 Bonds, due in annual installments of \$200,000 to \$365,000 through April, 2030, interest at 3.00%	\$ 2,815,000	3,015,000
\$2,425,000, 2021 Refunding Bonds, due in annual installments of \$595,000 to \$615,000 through September, 2025, interest at 5.00%	<u>2,425,000</u>	<u>-</u>
Total	<u>\$ 5,240,000</u>	<u>\$ 6,265,000</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>2021</u>	<u>2020</u>
\$172,988, 2013 Loan, due in semi-annual installments of \$5,325 to \$10,493 through February, 2033, interest at 2.00%	<u>\$ 110,023</u>	<u>\$ 118,453</u>
	<u>\$ 110,023</u>	<u>\$ 118,453</u>

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 9 MUNICIPAL DEBT (Continued)**

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

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

Calendar Year	General Bonds		General Green Acres Loans		Total
	Principal	Interest	Principal	Interest	
2022	\$ 810,000	\$ 179,460	\$ 8,599	\$ 2,158	\$ 1,000,217
2023	890,000	164,775	8,772	1,985	1,065,532
2024	905,000	126,100	8,948	1,808	1,041,856
2025	925,000	86,700	9,128	1,629	1,022,457
2026	320,000	46,500	9,312	1,445	377,257
2027-2031	1,390,000	85,200	49,445	4,342	1,528,987
2031-2033	-	-	15,819	317	16,136
Total	<u>\$ 5,240,000</u>	<u>\$ 688,735</u>	<u>\$ 110,023</u>	<u>\$ 13,684</u>	<u>\$ 6,052,442</u>

**Current Refundings of Debt**

On November 10, 2021, the Borough issued \$2,425,000 in General Obligation Refunding Bonds having an interest rate of 5.00%. These Bonds were issued in order to currently refund certain principal maturities of General Improvement Bonds of the Borough. The total principal currently refunded was \$2,600,000. This current refunding resulted in the issuance of \$175,000 less in bonds and resulted in an increase of cash flows over the life of these bonds issues in the amount \$85,665; however, the economic gain (difference between the present value of the old and new debt service payments) was \$84,650. The current refunding was undertaken to reduce total debt service payments over the next 4 years by \$85,665.

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2021 and 2020 were as follows:

	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<b><u>2021</u></b>					
General Capital Fund					
Bonds Payable	\$ 6,265,000	\$ 2,425,000	\$ 3,450,000	\$ 5,240,000	\$ 810,000
Intergovernmental Loans Payable	118,453	-	8,430	110,023	8,599
General Capital Fund Long-Term Liabilities	<u>\$ 6,383,453</u>	<u>\$ 2,425,000</u>	<u>\$ 3,458,430</u>	<u>\$ 5,350,023</u>	<u>\$ 818,599</u>

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 9 MUNICIPAL DEBT (Continued)**

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

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<b><u>2020</u></b>					
General Capital Fund					
Bonds Payable	\$ 7,090,000		\$ 825,000	\$ 6,265,000	\$ 850,000
Intergovernmental Loans Payable	<u>126,717</u>	<u>-</u>	<u>8,264</u>	<u>118,453</u>	<u>8,430</u>
General Capital Fund Long-Term Liabilities	<u>\$ 7,216,717</u>	<u>\$ -</u>	<u>\$ 833,264</u>	<u>\$ 6,383,453</u>	<u>\$ 858,430</u>

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2021 and 2020 was as follows:

**Bond Anticipation Notes**

<u>Purpose</u>	Rate (%)	Maturity Date	Balance, December 31, <u>2020</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2021</u>
<b><u>2021</u></b>						
<u>General Capital Fund</u>						
Various Capital Improvements	2.00	4/20/2022	\$ 2,631,140	\$ 3,526,904	\$ 2,631,140	\$ 3,526,904
Sanitary Sewer Improvements- Neihaus & Williams	2.00	4/20/2022	227,354	126,902	227,354	126,902
Generators at Main St Pump Station and Willow Park	2.00	4/20/2022		157,500		157,500
Acquisition of Various Equipment & Vehicles	2.00	4/20/2022	247,355	219,507	247,355	219,507
Borough Hall Generator	2.00	4/20/2022	196,393	191,595	196,393	191,595
Various Road Improvements	2.00	4/20/2022	1,689,763	1,606,597	1,689,763	1,606,597
Various Park Improvements	2.00	4/20/2022	<u>200,995</u>	<u>200,995</u>	<u>200,995</u>	<u>200,995</u>
Total General Capital Fund			<u>\$ 5,193,000</u>	<u>\$ 6,030,000</u>	<u>\$ 5,193,000</u>	<u>\$ 6,030,000</u>

**BOROUGH OF LITTLE FERRY  
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**NOTE 9 MUNICIPAL DEBT (Continued)**

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

**Bond Anticipation Notes (Continued)**

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2019</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2020</u>
<b><u>2020</u></b>						
<u>General Capital Fund</u>						
Various Capital Improvements	2.05	4/21/2021	\$ 1,765,860	\$ 2,631,140	\$ 1,765,860	\$ 2,631,140
Sanitary Sewer Improvements- Neihaus & Williams	2.05	4/21/2021	203,972	227,354	203,972	227,354
Improvements to Lakeview Field	2.05	4/21/2021	163,198		163,198	-
Acq and Installation of a Gazebo & Improvements to Willow Lake Park	2.05	4/21/2021	40,964		40,964	-
Acquisition of Losen Slote Grate	2.05	4/21/2021	128,350		128,350	-
Acquisition of Various Equipment & Vehicles	2.05	4/21/2021	260,867	247,355	260,867	247,355
Borough Hall Generator	2.05	4/21/2021	196,393	196,393	196,393	196,393
Various Road Improvements	2.05	4/21/2021	1,895,401	1,689,763	1,895,401	1,689,763
Various Park Improvements	2.05	4/21/2021	<u>200,995</u>	<u>200,995</u>	<u>200,995</u>	<u>200,995</u>
Total General Capital Fund			<u>\$ 4,856,000</u>	<u>\$ 5,193,000</u>	<u>\$ 4,856,000</u>	<u>\$ 5,193,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for general 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.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<b><u>2021</u></b>		
Improvements to Garden/Grand Streets	\$32,926	2022
Sabina Street Drainage Improvements	25,063	2022
<b><u>2020</u></b>		
Sabina Street Drainage Improvements	\$25,063	2021
Summit Circle Storm Drainage Improvements	141,061	2021

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

<u>Purpose</u>	<u>Remaining Commitment</u>
<b><u>2021</u></b>	
Acquisition of Police Equipment	\$203,468
Acquisition of DPW Vehicle	71,419
<b><u>2020</u></b>	
Acquisition of a DPW Truck	\$59,926

**NOTE 11 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 \$1,338,972 and \$1,320,630 at December 31, 2021 and 2020, 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, 2021 and 2020, the Borough has reserved in the Other Trust Fund \$197,727 and \$253,499, respectively to fund compensated absences in accordance with NJSA 40A:4-39.



**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)**

**B. 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) at December 31, 2021 and 2020 is \$6,598 and \$34,415, respectively.

During the years ended December 31, 2021, 2020 and 2019 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>PFRS</u>
2021	\$ 28,748
2020	28,719
2019	28,575

**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, 2021 and 2020 were as follows:

	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<b><u>2021</u></b>					
Compensated Absences	\$ 1,320,630	\$ 74,114	\$ 55,772	\$ 1,338,972	
Deferred Pension Obligation	34,415	931	28,748	6,598	
Net Pension Liability - PERS (1)	3,933,004			3,933,004	
Net Pension Liability - PFRS (1)	11,278,066			11,278,066	
Net OPEB Liability (1)	<u>14,467,662</u>	<u>-</u>	<u>-</u>	<u>14,467,662</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 31,033,777</u>	<u>\$ 75,045</u>	<u>\$ 84,520</u>	<u>\$ 31,024,302</u>	<u>\$ -</u>

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities (Continued)**

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<b><u>2020</u></b>					
Compensated Absences	\$ 1,316,450	\$ 124,625	\$ 120,445	\$ 1,320,630	
Deferred Pension Obligation	60,361	2,773	28,719	34,415	
Net Pension Liability - PERS	4,424,164		491,160	3,933,004	
Net Pension Liability - PFRS	11,061,837	216,229		11,278,066	
Net OPEB Liability	<u>10,295,962</u>	<u>4,171,700</u>	<u>-</u>	<u>14,467,662</u>	<u>-</u>
 Total Other Long-Term Liabilities	 <u>\$ 27,158,774</u>	 <u>\$ 4,515,327</u>	 <u>\$ 640,324</u>	 <u>\$ 31,033,777</u>	 <u>\$ -</u>

(1) GASB Statement numbers 68 Pension and 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

**NOTE 12 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](http://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:

<u>Tier</u>	<u>Definition</u>
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.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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](http://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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 PERS 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.

**BOROUGH OF LITTLE FERRY**  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Other Pension Funds (Continued)**

Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

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

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

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

**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.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2021 was not available and for June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32% at June 30, 2020. The collective net pension liability of the participating employers for local PFRS at June 30, 2021 was not available and for June 30, 2020 is \$14.9 billion and the plan fiduciary net position as a percentage of total pension liability is 63.52% at June 30, 2020.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

**Actuarial Methods and Assumptions**

In the July 1, 2019 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**  
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**NOTE 12 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 2021 and 2020 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee’s annual compensation.

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 2021, 2020 and 2019, were equal to the required contributions.

During the years ended December 31, 2020, 2019 and 2018, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension 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>
2021	\$ 975,096	\$ 263,939	\$ 5,482
2020	913,045	238,834	6,119
2019	943,719	233,791	6,349

In addition for the years ended December 31, 2021, 2020 and 2019 the Borough contributed for long-term disability insurance premiums (LTDI) \$0-, \$788 and \$584, 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.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB No. 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2022-12 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

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, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS)**

At December 31, 2020, the Borough reported a liability of \$3,933,004 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough's proportionate share was .02412 percent, which was a decrease of .00043 percent from its proportionate share measured as of June 30, 2019 of .02455 percent.

For the years ended December 31, 2020, the pension system has determined the Borough's pension expense to be \$209,704 and \$318,280, respectively, for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$238,834 and \$233,791, respectively. At December 31, 2020, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 71,614	\$ 13,909
Changes of Assumptions	127,591	1,646,786
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	134,433	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>363,370</u>	<u>79,055</u>
Total	<u>\$ 697,008</u>	<u>\$ 1,739,750</u>

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2021	\$ (331,935)
2022	(347,504)
2023	(225,742)
2024	(111,952)
2025	(25,609)
Thereafter	<u>-</u>
	<u>\$ (1,042,742)</u>

**BOROUGH OF LITTLE FERRY  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 12 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, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020.

The actuarial assumptions used in the July 1, 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 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, 2020, as reported for the years ended December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

***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>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%



**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 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>2020</u>
Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	All Periods

***Sensitivity of Net Pension Liability***

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00%, 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 6.00% or 1-percentage-point higher 8.00% than the current rate:

<u>2020</u>	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>4,950,996</u>	\$ <u>3,933,004</u>	\$ <u>3,069,210</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

*Pension Plan Fiduciary Net Position*

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

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

At December 31, 2020, the Borough reported a liability of \$11,278,066, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough’s proportionate share was .08728 percent, which was a decrease of .00311 percent from its proportionate share measured as of June 30, 2019 of .09039 percent.

For the years ended December 31, 2020, the pension system has determined the Borough pension expense to be \$648,049, for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$913,045. At December 31, 2020, 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:

	<b>2020</b>	
	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 113,702	\$ 40,476
Changes of Assumptions	28,381	3,023,581
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	661,286	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>467,785</u>	<u>855,144</u>
Total	<u>\$ 1,271,154</u>	<u>\$ 3,919,201</u>

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 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, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending December 31,	<u>Total</u>
2021	\$ (1,105,110)
2022	(787,836)
2023	(348,880)
2024	(252,087)
2025	(154,134)
Thereafter	<u>-</u>
	<u>\$ (2,648,047)</u>

***Actuarial Assumptions***

The Borough’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2020</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020.

The actuarial assumptions used in the July 1, 2019 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 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, 2020, as reported for the years ended December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

***Discount Rate***

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

<b>Calendar</b>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

**BOROUGH OF LITTLE FERRY  
 NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 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:

	<b><u>2020</u></b>
Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	All Periods

***Sensitivity of Net Pension Liability***

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00% 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 6.00% or 1-percentage-point higher 8.00% than the current rate:

<b><u>2020</u></b>	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.00%)</u></b>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 14,997,506</u>	<u>\$ 11,278,066</u>	<u>\$ 8,188,787</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2020. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 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, 2020, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,750,304. For the year ended December 31, 2020, 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 \$198,362, which is more than the actual contributions the State made on behalf of the Borough of \$134,685. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Borough was .08728 percent, which was an increase of .00311 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .09039 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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 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. 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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 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, 2021 was not available and for 2020 is \$17.9 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.91% at June 30, 2020.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2019 which was rolled forward to June 30, 2020.

**Actuarial Methods and Assumptions**

In the July 1, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation 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 \$292.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$35.0 million for fiscal year 2020.

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, 2021, 2020 and 2019 were \$497,906, \$455,342 and \$398,253, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2021, 2020 and 2019 were \$24,253, \$21,663 and \$22,166, respectively.



**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 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.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB No. 75 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2022-12 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

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, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2020, the Borough reported a liability of \$14,467,662, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. 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, 2020 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2020. As of the measurement date of June 30, 2020 the Borough’s proportionate share was .08062 percent, which was an increase of .00461 percent from its proportionate share measured as of June 30, 2019 of .07601 percent.

For the year ended December 31, 2020, the Plan has determined the Borough’s OPEB expense to be \$693,123, based on the actuarial valuation which is more than the actual contributions reported in the Borough’s financial statements of \$263,939. At December 31, 2020, 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:

	<u>2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 381,067	\$ 2,694,149
Changes of Assumptions	2,163,907	3,217,385
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	9,188	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	4,868,443	1,601,937
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 7,422,605</u>	<u>\$ 7,513,471</u>

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2022	\$ (175,399)
2023	(175,866)
2024	(177,196)
2025	(178,087)
2026	158,744
Thereafter	<u>456,938</u>
	<u>\$ (90,866)</u>

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13 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, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2020</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%
Rate Thereafter	Not Applicable
Mortality	
PERS	Pub-2010 General Classification Headcount-Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020.
PFRS	Pub-2010 Safety Classification Headcount-Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020.

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

**Discount Rate**

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

**Calendar**

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	2.21%
2019	June 30, 2019	3.50%

The discount rate represents the municipal bond return rate as chosen by the State. 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 net OPEB liability as of December 31, 2020 calculated using the discount rate of 2.21%, 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 1.21% or 1-percentage-point higher 3.21% than the current rate:

<u>2020</u>	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 17,103,833</u>	<u>\$ 14,467,662</u>	<u>\$ 12,380,893</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2020. 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  
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**NOTE 13 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 net OPEB liability as of December 31, 2020 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>2020</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>\$ 11,972,005</u>	<u>\$ 14,467,662</u>	<u>\$ 17,735,759</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net OPEB liability at December 31, 2020. 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 of 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.

At December 31, 2020, the State’s proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$224,828. For the year ended December 31, 2020 the plan has determined the State’s proportionate share of the OPEB expense (benefit) attributable to the Borough for the OPEB special funding situation is \$(11,192). At December 31, 2020, (measurement date June 30, 2020), the State’s share of the OPEB liability attributable to the Borough was .00412 percent, which was an increase of .00077 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .00335 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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF LITTLE FERRY  
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**NOTE 14 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.

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>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2021	\$ 7,917	\$ 227	\$ 37,738
2020	4,989	10,266	30,043
2019	7,442	14,861	35,225

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 15 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, 2021 and 2020. 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, 2021 and 2020, the Borough reserved \$295,822 and \$275,822, 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, 2021 and 2020, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 16 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, 2021 and 2020, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 17 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.

**BOROUGH OF LITTLE FERRY  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)**

The Borough of Little Ferry has contributed \$1,531 and \$1,450 and \$1,439 for 2021 and 2020, respectively, for each eligible volunteer fire department and first aid corp. member into the Plan. The total Borough contributions were \$55,130 and \$72,509 for 2021 and 2020, 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.

**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 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.



**BOROUGH OF LITTLE FERRY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)**

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 (“Chapter 74”) on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year’s operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The Borough of Little Ferry’s finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Little Ferry’s primary revenue source for supporting its budget. The Borough of Little Ferry cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

The Borough will receive \$562,018 from the Plan in two equal payments. On May 24, 2021, the Borough received its first installment of funds under the Plan in the amount of \$1,124,036. The Borough utilized this first installment in the 2022 budget to replace lost public sector revenue. The Borough has not yet determined how it will spend the second installment to be received. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

**BOROUGH OF LITTLE FERRY  
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**NOTE 19 WETLANDS MITIGATION PROJECT AT LOSEN SLOTE SITE AGREEMENT**

On September 24, 2019, the Borough executed an agreement with the Federal Aviation Administration (“FAA”) related to the Wetlands Mitigation Project at Losen Slote Site, Block 106.01, Lots 2 and 3, concerning the performance of wetlands mitigation requirements resulting from the relocation of the Teterboro Airport Air Traffic Control Tower.

The terms of the agreement stipulated the FAA paid the Borough a one-time fee of \$2,450,000 in connection with its use of the Mitigate Site for wetlands mitigation activities. These funds were received by the Borough in October 2019.

In addition, the agreement provides the FAA shall pay the Borough an additional one-time payment of \$250,000 for the long-term management and stewardship of the Mitigation Site by the Borough. This amount will be paid upon satisfaction of permit conditions and completion of short-term monitoring.

**NOTE 20 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On April 19, 2022 the Borough issued bond anticipation notes in the amount of \$5,785,000 and \$959,000, respectively, to temporarily finance expenditures related to various capital projects. The Borough awarded the sale of said notes to TD Securities and Township of Freehold at an interest rate of 2.00% and 1.85%, respectively. These notes dated April 19, 2022 will mature on August 19, 2022 and April 20, 2023.

**Debt Authorized**

On April 22, 2022 the Borough adopted a bond ordinance authorizing the issuance \$1,261,500 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

**APPENDIX C**

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

\_\_\_\_\_, 2022

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 its \$5,785,000 General Improvement Bonds, Series 2022, dated the date hereof (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us as we have deemed necessary.

The Bonds are issued pursuant to the Local Bond Law of the State of New Jersey, a resolution of the Borough adopted June 14, 2022 pursuant to N.J.S.A. 40A:2-26(f), in all respects duly approved, and the various bond ordinances referred to therein, each in all respects duly approved and published as required by law.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding obligations of the Borough, and the Borough has the power and is obligated to levy *ad valorem* taxes upon all the taxable property within the Borough for the payment of the Bonds and the interest thereon without limitation as to rate or amount.

On the date hereof, the Borough has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103 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 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Borough continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Borough in the Certificate, it is our opinion that, under existing law, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Bonds 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 Bonds. Further, in our opinion, based upon existing law, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

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

Very truly yours,

**APPENDIX D**

**Form of Certificate as to the Undertaking of Secondary Market Disclosure**

**CERTIFICATE AS TO THE UNDERTAKING  
OF SECONDARY MARKET DISCLOSURE**

I, Brigitte Goncalves, Chief Financial Officer of the Borough of Little Ferry, in the County of Bergen, a municipal corporation of the State of New Jersey (the "Borough"), in connection with the \$\_\_\_\_,000 General Improvement Bonds, Series 2022 (the "Bonds"), HEREBY CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF as follows:

Section 1. The Borough has covenanted in a resolution adopted June 14, 2022 (the "Resolution") to provide certain secondary market disclosure in compliance with Securities and Exchange Commission Rule 15c2-12, as amended and interpreted from time to time (the "Rule"). Specifically, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Borough shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof:

(a) On or prior to September 30 of each year, beginning September 30, 2022, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such repository for filing secondary market disclosure information, if any, annual information with respect to the Borough consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Borough and certain financial information and operating data, consisting of (i) Borough and overlapping indebtedness, including a schedule of outstanding debt issued by the Borough, (ii) property valuation information and (iii) tax rate, levy and collection data. The audited financial information will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law.

(b) In a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB, notice of any of the following events with respect to the Bonds:

- (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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to the rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, 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, any of which affect holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Borough, if any such event reflects financial difficulties.

The term "*Financial Obligation*" as used in subparagraphs (b)(15) and (b)(16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of (i) or (ii); *provided, however*, that the term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

Section 2. The undertaking may be amended by the Borough from time to time, without the consent of the holders or beneficial owners of the Bonds, in order to make modifications required in connection with a change in legal requirements or change in law, which in the opinion of nationally recognized bond counsel complies with the Rule.

Section 3. If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided herein, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

Section 4. I am authorized to enter into additional written contracts or undertakings to implement the Rule and to amend such contracts or undertakings or the undertakings set forth herein, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

Section 5. In the event that the Borough fails to comply with the Rule or the written contracts or undertakings specified herein, the Borough shall not be liable for monetary damages. The sole remedy is specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 18th day of August,  
2022.

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Brigite Goncalves, Chief Financial Officer