

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 17, 2010

**NEW ISSUE
BOOK-ENTRY ONLY**

STANDARD & POOR'S: "AA-"

In the opinion of DeCotiis, FitzPatrick & Cole, LLP, Bond Counsel, assuming continuing compliance by the Borough of Little Ferry (the "Borough") with certain covenants described herein, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes, and is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of computing the federal alternative minimum tax and, pursuant to the American Recovery and Reinvestment Act of 2009, is not includable in adjusted current earnings when calculating corporate alternative minimum taxable income. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds. Further, in the opinion of Bond Counsel, under current law interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act. See "TAX MATTERS" herein.

**\$6,300,000
GENERAL IMPROVEMENT BONDS
OF THE
BOROUGH OF LITTLE FERRY
IN THE COUNTY OF BERGEN, NEW JERSEY
(BANK QUALIFIED) (CALLABLE)**

Dated: Date of Delivery

Due: September 1, as shown below

The General Improvement Bonds, Series 2010 (the "Bonds") of the Borough of Little Ferry, in the County of Bergen, New Jersey (the "Borough"), will be issued as fully registered bonds registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds, with the Bonds immobilized in the custody of DTC. Owners of beneficial interests in the Bonds will not receive physical delivery of bond certificates, but are to receive statements or other evidence of such ownership of beneficial interests from sources from which such interests were purchased. Investors may purchase beneficial interests in the Bonds in book-entry form in the denomination of \$5,000 or any integral multiple thereof. See "The Bonds - Book-Entry Only System" herein. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., which will remit such payments to the DTC Participants, which will in turn remit such payments to the owners of beneficial interests in the Bonds. Principal of the Bonds is payable on September 1 of each of the years set forth below and interest on the Bonds is payable on each March 1 and September 1, commencing March 1, 2011, in each year until maturity or prior redemption.

The Bonds are subject to redemption prior to their stated maturities. See "The Bonds - Prior Redemption" herein.

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

<u>Year</u>	<u>Bonds</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Year</u>	<u>Bonds</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
2011	\$75,000	%	%	2019	\$625,000	%	%
2012	100,000			2020	625,000		
2013	100,000			2021	650,000		
2014	125,000			2022	650,000		
2015	125,000			2023	650,000		
2016	150,000			2024	650,000		
2017	500,000			2025	650,000		
2018	625,000						

The Bonds are offered when, as and if issued and delivered to the Purchaser, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of DeCotiis, FitzPatrick & Cole, LLP, Teaneck, New Jersey, and certain other conditions described herein. It is expected that the Bonds will be available for delivery to DTC on or about September 3, 2010.

**BID PROPOSALS WILL BE ACCEPTED UNTIL 11:00 AM ON AUGUST 25, 2010:
BY THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC**

**FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY,
VIEW THE NOTICE OF SALE
POSTED AT WWW.I-DEALPROSPECTUS.COM**

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

MAYOR

Mauro Raguseo

BOROUGH COUNCIL

George Muller
Roberta Henriquez
Ronald Anzalone
Thomas Sarlo
Sue Schuck
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BOROUGH CLERK

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Fair Lawn, New Jersey

BOND COUNSEL

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Teaneck, 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 other information or representations must not be relied upon as having been authorized by the Borough. The information contained herein has been obtained from the Borough, DTC and other sources which are believed to be reliable; however, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation or warranty of 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 made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, ordinances, 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.

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, salesman or other person has been authorized to give any information or to make any representation other than as contained in this Official Statement. If given or made, such other information or representation must not be relied upon as having been authorized by the Borough or the Purchaser. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used in whole or in part for any other purpose.

DeCotiis, Fitzpatrick & Cole, LLP, has not participated in the preparation of the financial statements or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness, or fairness thereof, and accordingly, express no opinion with respect thereto.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BOROUGH AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT
OF THE
BOROUGH OF LITTLE FERRY
IN THE COUNTY OF BERGEN, NEW JERSEY
\$6,300,000 GENERAL IMPROVEMENT BONDS

INTRODUCTION

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Borough of Little Ferry (the "Borough"), in the County of Bergen (the "County"), State of New Jersey (the "State"), to provide certain information in connection with the sale and issuance by the Borough of its \$6,300,000 General Improvement Bonds, Series 2010 (the "Bonds"), dated their date of delivery. This Official Statement has been executed by and on behalf of the Borough by the Chief Financial Officer.

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

THE BONDS

General Description

The Bonds will be dated and bear interest from their date of delivery and will mature on September 1 in the years and in the principal amounts as set forth below. Interest on the Bonds is payable on each March 1 and September 1, commencing March 1, 2011 (each, an "Interest Payment Date"), at the respective interest rates set forth on the cover page of this Official Statement. Principal of and interest on the Bonds will be paid to The Depository Trust Company, New York, New York ("DTC") by the Chief Financial Officer, acting as "Bond Registrar/Paying Agent". Interest on the Bonds will be credited to the DTC Participants (as hereinafter defined) as listed on the records of DTC as of the 15th day of the month preceding the month in which such Interest Payment Date occurs (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are issuable as fully registered book-entry bonds in the form of one certificate for each maturity and in the principal amount of such maturity. The Bonds will be issued in book-entry form only. Purchases of the Bonds will be made in book-entry form, in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as DTC or its nominee, Cede & Co. (or any successor or assign), is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Bond Registrar/Paying Agent directly to Cede & Co. (or any successor or assign), as nominee for DTC, which will remit such payments to the participants of DTC which will in turn remit such payments to the owners of beneficial interests in the Bonds. See "Book-Entry Only System" herein.

Maturity Schedule

<u>Year</u>	<u>Bonds</u>	<u>Year</u>	<u>Bonds</u>
2011	\$75,000	2019	\$625,000
2012	100,000	2020	625,000
2013	100,000	2021	650,000
2014	125,000	2022	650,000
2015	125,000	2023	650,000
2016	150,000	2024	650,000
2017	500,000	2025	650,000
2018	625,000		

Prior Redemption

The Bonds maturing on or before September 1, 2020 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after September 1, 2021 are subject to redemption at the option of the Borough prior to maturity, in whole on any date or in part on any Interest Payment Date, on or after September 1, 2020, upon notice as hereinafter set forth at the redemption price of 100% of the principal amount being redeemed, plus accrued interest to the date fixed for redemption.

If the Borough determines to optionally redeem a portion of the Bonds prior to maturity, such Bonds so redeemed shall be in such maturities as determined by the Borough, and within any maturity, by lot; provided, however, that the portion of any Bond not to be redeemed shall be in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof.

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

BOOK-ENTRY ONLY SYSTEM

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 (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. Accordingly, the Borough does not make any representations as to the completeness or accuracy of such information.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each issue of the Bonds, each in the aggregate principal amount of such issue, 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 2.2 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and

Exchange Commission. More information about DTC can be found at www.dtcc.com and 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 Note ("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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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 as Paying Agent, on 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 nor its nominee, the Borough as Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Borough as Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, note certificates will be printed and delivered.

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

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 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 BONDHOLDERS 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 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.

In the event that the book-entry only system for the Bonds is discontinued upon receipt of the Bond certificates from DTC and the Participant information, the Borough will authenticate (or cause to be authenticated) and deliver definitive Bonds to the holders thereof, and the principal of and interest on the Bonds will be payable and the Bonds may thereafter be transferred or exchanged in the manner described in the note certificates so provided.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds have been authorized and are issued pursuant to the laws of the State, including the Local Bond Law, Chapter 2 of Title 40A of the New Jersey Statutes, as amended (the "Local Bond Law"), and adopted bond ordinances of the Borough, and a resolution adopted by the Borough Council of the Borough on August 10, 2010.

The bond ordinances included in the sale of the Bonds were published in full or in summary form after adoption along with the statement required by the Local Bond Law that the twenty-day period of limitation within which a suit, action or proceeding questioning the validity of the authorizing bond ordinances can be commenced, began to run from the date of the first publication of such estoppel statement. The Local Bond Law provides that after issuance, all obligations shall be conclusively presumed to be fully authorized and issued by all laws of the State, and any person shall be estopped from questioning the sale or the execution or the delivery of the Bonds by the Borough.

The proceeds of the Bonds will be used (i) to refinance \$5,444,219 of the Borough's outstanding bond anticipation notes maturing on September 7, 2010 and (ii) to provide \$855,781 of new money.

<u>Ordinance No.</u>	<u>Description</u>	<u>Amount</u>
1032/1078/1119	Pump Station Improvements	\$ 4,532
1165	Roof Improvements – DPW	52,501
1065/1133	Improvements to Public Library	855,794
1075	Various Capital Improvements	16,188
1017/1085	Improvements to Washington Ave Storm Drain	59,854
1086	Road Resurfacing Program	87,950
1087	Park Improvements	15,496
1106/1122	Various Capital Improvements	63,426
1107	Park Improvements	28,800
1108	Road Resurfacing Program	152,894
1113	Various Improvements	73,622
1138	Acquisition of Equipment	39,838
1139	Improvements to & Replacement of Sewer Pipes	71,236
1146	Road Improvements	106,600
1153/1202	Equipment Acquisition and Improvements for DPW, Police and Fire, and Various Recreation Improvements	838,720
1166	Sewer Repair and Replacement, Road Improvements and Borough Hall Improvements	611,264
1169/1208/1210	Park Improvements	115,272
1189	Acquisition of Equipment for DPW, Police and Fire	92,350
1217	Acquisition of Equipment for DPW, Police and Fire and Various Road and Drainage Improvements	434,576
1232	Park Improvements	134,246
1236/1241/1275	Acquisition of Equipment for Administration, DPW and Fire, Improvements to Senior Center, Park Improvements, Road and Drainage Improvements and Sewer Improvements	1,615,886
1283	Acquisition of Equipment for Administration, DPW, Police and Fire, Borough Hall Improvements and Road and Drainage Improvements	<u>828,955</u>
		<u>\$6,300,000</u>

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 Bonds are direct and general obligations of the Borough and the Borough is required by law to levy *ad valorem* taxes upon all the real property taxable within the Borough for the payment of the principal of and the interest on the Bonds without limitation as to rate or amount.

NO DEFAULT

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

CERTAIN STATUTORY PROVISIONS FOR THE PROTECTION OF GENERAL OBLIGATION DEBT

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

The Local Bond Law governs the issuance of bonds and notes to finance certain municipal 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 to be appropriated for the financing of expenditures for municipal purposes for which bonds are authorized. All bonds and notes issued by the Borough are general full faith and credit obligations.

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. An annual, independent audit of the local unit's accounts for the previous year must be performed 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 Director within six months after the close of the fiscal year. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its completion.

The chief financial officer of every local unit must file annually with the Director a verified statement of financial condition of the local unit and all constituent boards, agencies or commissions.

The annual audit report is filed with the Borough Clerk and is available for review during business hours.

Debt Limits

The authorized net debt of a municipality in the State of New Jersey is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its equalized valuation basis. The equalized valuation basis of the municipality is set by statute as 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 its boundaries as annually determined by the State Board of Taxation.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

On August 10, 2010, the Borough's percentage of statutory net debt was 0.89% and was comprised of the following:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Purposes	\$13,279,529	\$1,724,590	\$11,554,939
Local School	<u>2,584,656</u>	<u>2,584,656</u>	<u> </u>
	<u>\$15,864,185</u>	<u>\$4,309,246</u>	<u>\$11,554,939</u>

Exceptions to Debt Limits-Extensions of Credit

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

Short-Term Financing

The Borough may issue bond anticipation notes to temporarily finance capital improvements. Bond anticipation notes, which are general obligations of the Borough, may be issued for a period not exceeding one year. Generally, bond anticipation notes may not be outstanding longer than 10 years. Additionally, beginning in the third year, the amount of outstanding notes that may be renewed is decreased by not less than the minimum amount required for the first year principal payment of bonds in anticipation of which such notes are issued.

School Debt Subject to Voter Approval

State Law permits the school district, upon approval of the voters, to authorize school district debt, including, debt in excess of its independent debt limit of 3.5% of the equalized valuation basis for the local school, by using the available borrowing capacity of the Borough. If such debt is in excess of the school district debt limit and the remaining borrowing capacity of the Borough, the State Commissioner of Education and the Local Finance Board must approve the proposed debt authorization before it is submitted to the voters.

MUNICIPAL BUDGET

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.) the Borough is required to have a balanced budget in which debt service is included in full for each fiscal year.

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. The Borough must adopt an operating budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division (the "Director") prior to final adoption of the budget. 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, among others, for certification.

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. Local budgets, by law and regulation, must be in balance on a "cash basis". No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval thereof (N.J.S.A. 40A:4-10).

The principal sources of Borough revenues are real estate taxes and miscellaneous revenues.

In any year, the municipality may authorize, by resolution, the issuance of tax anticipation notes which may be issued in anticipation of the collection of taxes for such year. Tax anticipation notes, are limited in amount by law and must be paid off in full by a municipality within one hundred and twenty (120) days after the close of the fiscal year.

Real Estate Taxes

The general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to delinquent property taxes. N.J.S.A. 40A:4-29 delineates anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by the multiplication of the amount of delinquent taxes unpaid and owing to the local unit on the first day of the current fiscal year by the percentage of collection of delinquent taxes for the year immediately preceding the current fiscal year."

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

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

Levy Required to Balance Budget

Prior Year's Percentage of Current = Total Taxes to be Levied
Tax Collections (or lesser %)

Miscellaneous Revenues

Section 26 of the Local Budget Law provides: "no miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit." The exception to this is the inclusion of categorical grants-in-aid contracts for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar fiscal year.

Limitations on Municipal Appropriations and Tax Levy

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

Additionally, P.L. 2007, c. 62, effective April 3, 2007, imposed a 4% cap on the tax levy of a municipality, fire district, or solid waste collection district, with certain exceptions and subject to a number of exceptions, and on July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment, reducing the tax levy cap to 2% and limiting the exclusions to amounts required to be raised by taxation for debt service as defined by law, certain pension contributions and health care costs in excess of 2% and extraordinary costs directly related to a declared emergency. Voter approval may be requested to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

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

Deferral of Current Expense

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

The exceptions are certain enumerated quasi-capital projects such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation of real property, codification of ordinances, master plan preparations, and contractually required severance liabilities resulting from the layoff or retirement of employees which may be amortized over five years.

Budget Transfers

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

Fiscal Year

The Borough's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of New Jersey required municipalities with populations in excess of 35,000 or which received Municipal Revitalization Aid from the State in 1990 or 1991 to change their fiscal year from the calendar year to the State fiscal year (July 1 to June 30), unless an exemption is granted. Municipalities not meeting the criteria for a mandatory change have the option to choose to change to the State fiscal year. The Borough did not meet the criteria to change to the State fiscal year and does not presently intend to optionally make such a change in the future.

Budget Process

Primary responsibility for the Borough's budget process lies with the Borough Council. As prescribed by the Local Budget Law, adoption should occur by the end of March, however, extensions may be granted by the Division to any local governmental unit. In the first quarter in which the budget formulation is taking place, the Borough operates under a temporary budget which may not exceed 26.25% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Borough may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

TAX INFORMATION ON THE BOROUGH

Tax Collection Procedures

Real property taxes are assessed locally, based upon assessed value. The tax bill includes a levy for Local Municipal, County and School purposes. Tax bills are mailed annually in June. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. 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 taxes become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15 to the County by the Borough. Annually, the properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey Statutes. The Borough institutes annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property by the Borough.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Bergen County Tax Board on or before the first day of April of the current tax year for review. The 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 cancelled 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 State Department of Taxation, Division of Tax Appeal, for a further hearing.

State tax appeals tend to take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations or with the permission of the Local Finance Board may be financed, generally, over a three to five year period.

TAX MATTERS

The Borough has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Internal Revenue Code of 1986, as amended (the “Code”). Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the opinion of DeCotiis, FitzPatrick & Cole, LLP, Bond Counsel, to be delivered at the time of original issuance of the Bonds, assuming continuing compliance by the Borough with certain covenants described herein, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code for purposes of computing the federal alternative minimum tax and, pursuant to the American Recovery and Reinvestment Act of 2009, is not includable in adjusted current earnings when calculating corporate alternative minimum taxable income. No opinion is expressed regarding other federal tax consequences or other federal taxes arising with respect to the Bonds.

The Code imposes certain significant ongoing requirements that must be met after the issuance and delivery of the Bonds in order to assure that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes. These requirements include, but are not limited to, requirements relating to use and expenditure of proceeds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on investments of gross proceeds of the Bonds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issuance, regardless of the date on which such noncompliance occurs or is discovered. The Borough has covenanted that it shall do and perform all acts permitted by law that are necessary or desirable to assure that interest on the Bonds will be and will remain excluded from gross income for federal income tax purposes. The Borough will deliver its Arbitrage and Tax Certificate concurrently with the issuance of the Bonds, which will contain provisions relating to compliance with the requirements of the Code, including certain covenants in that regard by the Borough. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Borough in connection with the Bonds, and Bond Counsel has assumed compliance by the Borough with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

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

The opinions of Bond Counsel are limited to and based upon the laws and judicial decisions of the State and the federal laws and judicial decisions of the United States of America as of the date of the opinions, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for their opinions or to any laws or judicial decisions hereafter enacted or rendered. Bond Counsel assumes no obligation to update its opinions after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action taken after the date of the opinions or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Alternative Minimum Tax. Section 55 of the Code provides that an alternative minimum tax is imposed on corporations at a rate of 20 percent. For purposes of the corporate alternative minimum tax, the Code includes an increase adjustment for the computation of the alternative minimum tax consisting generally of seventy-five percent of the amount by which “adjusted current earnings” exceed alternative minimum taxable income (computed without regard to this adjustment and the alternative tax net operating loss deduction). Pursuant to the American Recovery and Reinvestment Act of 2009, interest on the Bonds is not subject to the alternative minimum tax on the increase adjustment described above.

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.

Branch Profits Tax. Section 884 of the Code imposes on foreign corporations a branch profits tax equal to 30 percent of the "dividend equivalent amount" for the taxable year, unless modified, reduced or eliminated by income tax treaty in certain instances. Interest on the Bonds received or accrued by a foreign corporation subject to the branch profits tax may be included in computing the "dividend equivalent amount" of such corporation for purposes of the branch profits tax.

S Corporation Tax. Section 1375 of the Code imposes a tax on the "excess net passive income" of certain S corporations with passive investment income in excess of 25 percent of gross receipts for a taxable year. The U.S. Department of Treasury has issued regulations indicating that interest on tax-exempt bonds, such as the Bonds, held by an S corporation would be included in the calculation of excess net passive income.

Other Federal Tax Consequences. Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in other collateral federal income tax consequences to certain taxpayers, including property and casualty insurance companies, individual recipients of Social Security and Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or to carry tax-exempt obligations. Owners of the Bonds should consult their own tax advisors as to the applicability and the effect on their federal income taxes of the alternative minimum tax, the branch profits tax and the tax on S corporations, as well as the applicability and the effect of any other federal income tax consequences.

Possible Government Action. Legislation affecting municipal bonds is regularly under consideration by the United States Congress. In addition, the Internal Revenue Service ("IRS") has established an expanded audit program for tax-exempt bonds. There can be no assurance that legislation enacted or proposed or an audit initiated or concluded by the IRS after the issue date of the Bonds involving either the Bonds or other tax-exempt bonds will not have an adverse effect on the tax-exempt status or market price of the Bonds.

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

LITIGATION

To the knowledge of the Borough Attorney, Joseph G. Monaghan, Esq., Hackensack, New Jersey, there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Bonds, 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 the taxes, affecting the validity of the Bonds or 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 of the Borough to their respective offices.

Additionally, there is at present no single action pending or threatened against the Borough which would impose an undue financial burden on the Borough. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Borough is a party-defendant in certain law suits, none of a kind unusual for a municipality of its size, and none of which, in the opinion of the Borough Attorney, would adversely impair the Borough's ability to pay its noteholders. All of the Borough's tort actions are being defended by either an insurance company or insurance underwriters. Pending municipal real estate tax appeals are limited in number. The Borough would fund the ultimate liability arising from tax appeals from amounts currently reserved, succeeding years' budgets or fund balance. Such resolution would not in any way endanger the Borough's ability to pay its noteholders.

THE FEDERAL BANKRUPTCY ACT

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 95-598, approved November 6, 1978, and as further amended on November 3, 1988, by an Act to Amend the Bankruptcy Law to Provide for Special Revenue Bonds, and for Other Purposes, and on October 22, 1994, by the Bankruptcy Reform Act of 1994, and by other bankruptcy laws affecting creditor's rights and municipalities in general. Chapter IX permits a state or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to file a petition in a bankruptcy court for the ultimate purpose of effecting a plan to adjust its debts. Chapter IX directs such a petitioner to file with the Bankruptcy Court a list of the 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, with the exception that such petition does not operate as a stay of application of pledged special revenues to the payment of indebtedness secured by such revenues; grants priority to administrative and operational expenses and to debts owed for services or material, up to \$4,000 per individual or corporation, actually provided within ninety (90) days of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; provides that any securities issued under a reorganization plan will be exempt from the securities laws and, therefore, exempt from registration requirements; permits the petitioner, during bankruptcy proceedings, to continue to pay pre-petition debt without prior court approval; and provides that the plan must be accepted by a class of creditors, in writing, by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors. A plan shall not be approved by the Bankruptcy Court unless it is in the best interests of creditors and is feasible.

Reference should also be made to N.J.S.A. 52:27-40 thru 52:27-45.11, which provides that any county, municipality, or other political subdivision of the State has the power to file a petition with any Bankruptcy Court, provided the approval of the municipal finance commission has been obtained, and such petition has been authorized by ordinance of the governing body of the political subdivision. 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. However, the Bankruptcy Act does provide that a municipality must obtain any regulatory or electoral approval necessary under constitutional, statutory, or charter provisions, for actions taken under the reorganization plan.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, sale, issuance and delivery of the Bonds are subject to the approval of DeCotiis, FitzPatrick & Cole, LLP, Teaneck, New Jersey, Bond Counsel to the Borough, whose approving legal opinion will be substantially in the form provided in Appendix C. Certain legal matters will be passed on for the Borough by its General Counsel, Joseph Monaghan, Esq., Hackensack, New Jersey.

CONTINUING DISCLOSURE

The Borough, pursuant to the provisions of a Continuing Disclosure Certificate to be dated the date of delivery of the Bonds will covenant to provide certain secondary market disclosure. Specifically, the Borough will:

(a) Within 270 days of the close of the Borough's fiscal year, commencing with the fiscal year ended in December 31, 2010, file with the Municipal Securities Rulemaking Board (the "MSRB"), in an electronic format as prescribed by the MSRB and accompanied by such identifying information as prescribed by the MSRB, annual financial information with respect to the Borough consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not available, which audited financial statements will be delivered when and if available) of the Borough and certain financial information and operating data consisting of (i) Borough and overlapping indebtedness including a schedule of outstanding debt issued by the Borough, (ii) the Borough's most current adopted budget, (iii) property valuation information and (iv) tax rate, levy, and collection data. The audited financial information will be prepared in accordance with modified cash basis of accounting as

mandated by the State of New Jersey statutory principles in effect from time to time or with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law;

(b) In a timely manner to the MSRB, notice of the following events with respect to the Bonds, if material:

- (1) Principal or interest payment delinquencies;
- (2) Non-payment related defaults;
- (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 or events affecting the tax-exempt status of the security;
- (7) Modifications to the rights of security holders;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution or sale of property which secures the repayment of the securities; and
- (11) Rating changes.

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

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

The Borough has not failed to comply with its previous undertakings.

RATING

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") has assigned a rating of "AA-" to the Bonds.

An explanation of the significance of such ratings may be obtained from Standard & Poor's at 55 Water Street, New York, New York 10041. The ratings are not a recommendation to buy, sell or hold the Bonds and there is no assurance that such ratings will continue for any given period of time or that either rating will not be revised downward or withdrawn entirely by Standard & Poor's if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings by Standard & Poor's may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds have been purchased by _____ at a purchase price of \$_____.

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 purchaser of the Bonds, by certificate signed by the Chief Financial Officer, that to his 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.

The firm of Lerch, Vinci & Higgins, LLP, Fair Lawn, New Jersey, Certified Public Accountants and Registered Municipal Accountants, assisted in the preparation of information contained in this Official Statement, and takes responsibility for the financial statements to the extent specified in the Independent Auditors' Report.

All other information has been obtained from sources which Lerch, Vinci & Higgins, LLP, considers to be reliable but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

DeCotiis, FitzPatrick & Cole, LLP, Teaneck, New Jersey has not participated in the preparation of the financial or statistical information contained in this official statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement including information additional to that contained herein may be directed to Leonard Nicolosi, Chief Financial Officer, Borough of Little Ferry, 215-217 Liberty Street, Little Ferry, New Jersey, 07643, telephone 201-641-9234.

MISCELLANEOUS

All quotations from summaries and explanations of the provisions of the laws of the State herein do not purport to be complete and are qualified in their entirety by reference to the official compilation thereof.

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 herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there have been no changes in the affairs in the Borough, the County of Bergen, the State or any of their agencies or authorities, since the date hereof.

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

BOROUGH OF LITTLE FERRY

By: _____
Leonard Nicolosi
Chief Financial Officer

Dated: _____, 2010

APPENDIX A

**ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING
TO THE BOROUGH OF LITTLE FERRY**

GENERAL INFORMATION REGARDING THE BOROUGH OF LITTLE FERRY

Size and Geographical Location

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

The Borough is about 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 of Little Ferry, 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 meet on the first Tuesday of each month designated as the Council work sessions and the second Tuesday at 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 the public's role is normally limited to that of an observer. At the 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/Treasurer. 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.

The 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 United Water of New Jersey.

Public Safety

Little Ferry is served by a Fire Department which consists of 50 volunteers and operates 2 pumpers, 1 rescue truck, 1 ladder truck, 2 chief's vehicles, 2 support vehicles and 2 boats.

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

The Police Department consists of 27 regular officers and 3 detectives, and operates 8 marked vehicles and 1 unmarked vehicle.

Sanitation

The Borough of Little Ferry 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. Garbage services are provided by a municipal vendor and recycling services are provided by municipal employees.

Recreation

The Borough of Little Ferry has a year-round community recreation program.

Located in the Borough are little league fields, 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 members and is subject to Title 18A, Education of the New Jersey Statutes.

The local school system consists of two schools: Washington School, grades K-2 and Memorial School, grades K and 3-8. Students in grades 9-12 are sent to Ridgefield Park High School located in the neighboring Village of Ridgefield Park.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

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

<u>Area</u>	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2008</u>
Borough of Little Ferry	9,064	9,399	9,989	10,800	10,477
County of Bergen	897,148	845,385	825,380	884,118	894,840
State of New Jersey	7,171,112	7,364,823	7,730,188	8,414,350	8,682,661

Source: U.S. Census Bureau.

Income as of 1999

	Median Household Income	Median Family Income	Per Capita Income
Borough of Little Ferry	\$ 49,958	\$ 59,176	\$ 24,210
County of Bergen	65,241	78,079	33,638
State of New Jersey	55,146	65,370	27,006

Source: State of New Jersey, Data Center, Money Income – New Jersey & Counties: 1999.

Labor Force, Employment and Unemployment

For the years 2005 to 2009, the New Jersey Department of Labor reported the following annual average employment information for the Borough of Little Ferry, the County of Bergen and the State of New Jersey:

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
<u>Borough of Little Ferry</u>				
2009	6,514	5,091	614	9.4%
2008	6,411	6,071	340	5.3%
2007	6,352	6,093	258	4.1%
2006	6,401	6,109	292	4.6%
2005	6,658	6,364	295	4.4%
<u>County of Bergen</u>				
2009	480,500	442,500	38,000	7.9%
2008	477,000	455,600	21,400	4.5%
2007	473,700	457,300	16,300	3.4%
2006	476,200	457,800	18,400	3.9%
2005	470,000	452,400	17,600	3.7%
<u>State of New Jersey</u>				
2009	4,536,700	4,118,400	418,300	9.2%
2008	4,496,700	4,251,200	245,500	5.5%
2007	4,462,300	4,271,700	190,600	4.3%
2006	4,492,800	4,283,600	209,200	4.7%
2005	4,431,600	4,232,800	198,800	4.5%

Source: Borough of Little Ferry.

BUDGET INFORMATION
Current Fund
(As Adopted)

	<u>2010⁽¹⁾</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Anticipated Revenues					
Fund Balance	\$ 1,250,000	\$ 1,500,000	\$ 1,700,000	\$ 1,600,000	\$ 1,300,000
Miscellaneous Revenues	2,009,072	2,263,203	2,465,571	2,757,253	2,790,258
Receipts from Delinquent Taxes	542,000	530,000	535,000	400,000	300,000
Amount to be Raised by Taxes for Support of Municipal Budget	<u>9,868,523</u>	<u>9,188,198</u>	<u>8,889,387</u>	<u>8,452,968</u>	<u>7,951,367</u>
	<u>\$ 13,669,595</u>	<u>\$ 13,481,401</u>	<u>\$ 13,589,958</u>	<u>\$ 13,210,221</u>	<u>\$ 12,341,625</u>
Appropriations					
Salaries and Wages	\$ 4,858,908	\$ 5,030,398	\$ 4,721,706	\$ 4,509,405	\$ 4,297,236
Other Expenses	5,739,457	5,637,723	6,389,764	6,250,230	5,577,448
Deferred Charges and Statutory Expenditures	992,327	645,563	294,730	226,548	271,796
Transfer to BOE for Local School	58,421	97,288	104,241	-	22,000
Capital Improvement Fund	28,000	25,000	90,000	70,000	70,000
Municipal Debt Service	923,848	1,113,379	1,057,467	1,221,988	1,171,095
Reserve for Uncollected Taxes	<u>1,068,634</u>	<u>932,050</u>	<u>932,050</u>	<u>932,050</u>	<u>932,050</u>
	<u>\$ 13,669,595</u>	<u>\$ 13,481,401</u>	<u>\$ 13,589,958</u>	<u>\$ 13,210,221</u>	<u>\$ 12,341,625</u>

⁽¹⁾ 2010 Budget as Introduced

Source: Borough of Little Ferry.

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>
2009	\$ 1,456,671	\$ 1,250,000
2008	1,730,886	1,500,000
2007	1,992,998	1,700,000
2006	1,855,230	1,600,000
2005	1,593,628	1,300,000

Source: Borough of Little Ferry Annual Audit Reports.

Current Tax Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collection During Year of Levy</u>	
		<u>Amount</u>	<u>Percent</u>
2009	\$ 27,247,851	\$ 26,251,739	96.34%
2008	26,552,020	25,799,326	97.16%
2007	25,446,102	24,777,915	97.37%
2006	23,823,739	23,369,649	98.09%
2005	21,987,884	21,660,569	98.51%

Source: Borough of Little Ferry Annual Audit Reports.

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Percentage of Levy</u>
2009	\$ 552,221	2.03%
2008	536,348	2.02%
2007	583,872	2.29%
2006	442,132	1.86%
2005	311,387	1.42%

Source: Borough of Little Ferry Annual Audit Reports.

Assessed Valuation of Property Owned by the Borough Acquired for Taxes

<u>Year</u>	<u>Amount</u>
2009	\$ 1,062,600
2008	1,062,600
2007	1,062,600
2006	1,062,600
2005	1,062,600

Source: Borough of Little Ferry Annual Audit Reports.

Ten Largest Taxpayers

The ten largest taxpayers in the Borough and their 2010 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessment</u>
Airport Prop. Assoc. LLC % Mack-Cali	\$ 32,791,200
Waterside Plaza Apts. Associates	27,270,000
Liberty Bell Village, LLC %R. Bares	20,880,000
Little Ferry Assocs., L.L.C.	16,912,100
Gates Realty Corp	16,761,800
North Village II LLC NJ	14,476,000
Gates Bros. C/O Gates Realty Corp.	13,981,400
Gates Bros. C/O Gates Realty Corp.	10,700,000
Bell Atlantic Property Tax Dept	9,743,787
North Village I LLC NJ	9,492,200
	<u>\$ 173,008,487</u>

Source: Tax Assessor.

Assessed Valuation Land Improvements by Class

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Apartment</u>	<u>Industrial</u>	<u>Total</u>
2010	\$ 10,269,400	\$ 800,971,000	\$ 151,860,400	\$ 110,009,100	\$ 140,268,000	\$ 1,213,377,900
2009	9,113,100	800,307,000	151,692,900	110,009,100	142,689,400	1,213,811,500
2008	9,507,700	799,636,400	152,646,400	110,175,600	150,176,700	1,222,142,800
2007	10,351,700	797,532,900	154,249,500	112,654,700	151,755,800	1,226,544,600
2006	11,074,200	795,849,300	153,547,300	112,654,700	151,755,800	1,224,881,300

Source: Tax Duplicate.

Assessed Valuations Net Valuation Taxable

<u>Year</u>	<u>Real Property</u>	<u>Business Personal Property</u>	<u>Net Valuation Taxable</u>	<u>Ratio of Assessed Value to True Value of Real Property</u>	<u>Total True Value of Assessed Property</u>
2010	\$ 1,213,377,900	\$ 7,429,353	\$ 1,220,807,253	97.13%	\$ 1,262,261,898
2009	1,213,811,500	7,470,187	1,221,281,687	91.96%	1,332,879,108
2008	1,222,142,800	6,167,273	1,228,310,073	92.90%	1,326,970,874
2007	1,226,544,600	6,611,997	1,233,156,597	101.35%	1,221,829,236
2006	1,224,881,300	6,403,497	1,231,284,797	113.50%	1,090,523,375

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

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

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>Local School</u>	<u>County</u> ⁽¹⁾
2009	\$ 2.226	\$ 0.752	\$ 1.267	\$ 0.207
2008	2.158	0.724	1.235	0.199
2007	2.060	0.694	1.186	0.180
2006	1.930	0.654	1.109	0.167
2005	1.780	0.604	1.013	0.163

⁽¹⁾ Includes County Open Space

Source: Tax Collector.

Apportionment of Tax Levy
(Including School and County Purposes)

<u>Year</u>	<u>Total</u>	<u>Municipal</u>	<u>County</u> ⁽¹⁾	<u>Local School</u>
2009	\$ 27,247,851	\$ 9,250,967	\$ 2,521,275	\$ 15,475,609
2008	26,552,020	8,941,773	2,437,114	15,173,133
2007	25,446,102	8,598,844	2,222,965	14,624,293
2006	23,823,739	8,125,464	2,041,233	13,657,042
2005	21,987,884	7,477,768	1,987,453	12,522,663

⁽¹⁾ Includes County Open Space

Source: Tax Collector.

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 August 10, 2010

Municipal

Equalized Valuation Basis (last 3 years average)	\$ 1,299,651,990
3 1/2% Borrowing Margin	45,487,820
Net Debt Issued, Outstanding and Authorized	11,554,939
Remaining Municipal Borrowing Capacity	33,932,881

Local School

3% Borrowing Margin	38,989,560
Debt Issued, Outstanding and Authorized	2,584,656
Remaining School Borrowing Capacity	36,404,904

Gross and Statutory Net Debt as of December 31,

<u>Year</u>	<u>Gross Debt</u>	<u>Statutory Net Debt</u>	
	<u>Amount</u>	<u>Amount</u>	<u>Percentage</u>
2009	\$ 14,153,439	\$ 11,497,623	0.88%
2008	14,727,549	11,371,458	0.88%
2007	13,412,360	12,779,494	1.06%
2006	11,613,339	11,327,240	1.04%
2005	11,320,703	10,967,857	1.12%

Source: Borough of Little Ferry Audit Reports and 2009 Annual Debt Statement.

**Statement of Indebtedness
As of August 10, 2010**

GENERAL PURPOSES

Bonds Issued and Outstanding	\$ 3,256,000	
Bond Anticipation Notes	5,500,000	
Loans	158,871	
Bonds and Notes Authorized But Not Issued	<u>4,364,658</u>	
		\$ 13,279,529

LOCAL SCHOOL

Bonds Issued and Outstanding	2,400,000
Loans	184,656

TOTAL GROSS DEBT \$ 15,864,185

STATUTORY DEDUCTIONS

Municipal Purpose	1,724,590	
Local School	<u>2,584,656</u>	
		<u>4,309,246</u>

TOTAL NET DEBT \$ 11,554,939

OVERLAPPING DEBT

County of Bergen (Note 1)	\$ 4,845,171	
Bergen County Utilities Authority (Note 2)	<u>5,135,654</u>	
		<u>\$ 9,980,825</u>

GROSS DEBT

Per Capita (2008 Census - 10,477)	\$ 1,514
Percent of Net Valuation Taxable (2010 - \$1,220,807,253)	1.30%
Percent of Estimated True Value of Real Property (2010 - \$1,262,261,898)	1.26%

NET MUNICIPAL DEBT

Per Capita (2008 Census - 10,477)	\$ 1,103
Percent of Net Valuation Taxable (2010 - \$1,220,807,253)	0.95%
Percent of Estimated True Value of Real Property (2010 - \$1,262,261,898)	0.92%

OVERALL DEBT (Gross and Overlapping Debt)

Per Capita (2008 Census - 10,477)	\$ 2,467
Percent of Net Valuation Taxable (2010 - \$1,220,807,253)	2.12%
Percent of Estimated True Value of Real Property (2010 - \$1,262,261,898)	2.05%

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 2009 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.
Source: Borough of Little Ferry.

APPENDIX B

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Little Ferry as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Borough of Little Ferry's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the fourth paragraph, 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Little Ferry's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Borough has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In addition, the financial statements of the Length of Service Awards Program (LOSAP) 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 Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 52 percent and 41 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2009 and 2008

INDEPENDENT AUDITORS' REPORT (Continued)

In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Little Ferry as of December 31, 2009 and 2008, or the changes in its financial position for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

However, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the financial statements - regulatory basis referred to previously 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, 2009 and 2008 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the revenues - regulatory basis and the expenditures - regulatory basis of the Current Fund for the year ended December 31, 2009 on the basis of accounting described in Note 1.

By /s/

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

Fair Lawn, New Jersey
June 30, 2010

BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 5,545,386	\$ 6,350,664
Grants Receivable	<u>118,186</u>	<u>113,869</u>
	<u>5,663,572</u>	<u>6,464,533</u>
Receivables and Other Assets with Full Reserves		
Delinquent Property Taxes Receivable	552,221	536,348
Property Acquired for Taxes - Assessed Valuation	1,062,600	1,062,600
Revenue Accounts Receivable	14,203	123,052
Due from General Capital Fund	174	
Due from Animal Control Fund	<u>1,838</u>	<u>11,234</u>
	<u>1,631,036</u>	<u>1,733,234</u>
Deferred Charges		
Special Emergency- Tax Map		11,600
Special Emergency- Revaluation		46,000
Special Emergency- Codification of Ordinances	<u>-</u>	<u>10,000</u>
	<u>-</u>	<u>67,600</u>
Total Assets	<u><u>\$ 7,294,608</u></u>	<u><u>\$ 8,265,367</u></u>

**BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
LIABILITIES, RESERVES AND FUND BALANCE		
Liabilities		
Appropriation Reserves	\$ 561,395	\$ 423,239
Encumbrances Payable	320,530	341,366
Accounts Payable	5,382	6,879
Due to State - Senior Citizens and Veterans	17,476	24,087
Special Emergency Notes Payable		46,000
Miscellaneous Deposits and Reserves	102,114	164,947
Local School District Taxes Payable	2,309,753	2,772,073
Reserve for State Tax Appeals	25,499	25,499
Prepaid Taxes	431,491	427,101
Reserve for Grants Appropriated	166,443	219,325
Reserve for Grants - Unappropriated	22,323	20,115
Due to General Capital Fund		74,441
Due to Other Trust Fund	<u>244,495</u>	<u>256,175</u>
	4,206,901	4,801,247
Reserve for Receivables	1,631,036	1,733,234
Fund Balance	<u>1,456,671</u>	<u>1,730,886</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 7,294,608</u>	<u>\$ 8,265,367</u>

BOROUGH OF LITTLE FERRY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>Year 2009</u>	<u>Year 2008</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 1,500,000	\$ 1,700,000
Miscellaneous Revenue Anticipated	2,422,482	2,316,715
Receipts from Delinquent Taxes	527,041	582,703
Receipts from Current Taxes	26,251,739	25,799,326
Non-Budget Revenue	252,749	313,305
Other Credits to Income		
Statutory Excess - Animal Control	1,838	1,601
Interfunds Returned	11,234	2,340
Cancel Prior Year Accounts Payable		35,697
Cancel Prior Year Reserve	76,100	500
Unexpended Balance of Appropriation Reserves	<u>343,339</u>	<u>456,604</u>
 Total Income	 <u>31,386,522</u>	 <u>31,208,791</u>
 EXPENDITURES		
Budget and Emergency Appropriations		
Operations		
Salaries and Wages	5,028,798	4,918,141
Other Expenses	5,848,011	6,297,570
Deferred Charges and Statutory		
Expenditures - Municipal	645,363	294,730
Capital Improvements	25,000	90,000
Municipal Debt Service	1,113,379	1,057,466
County Taxes Payable	2,514,866	2,432,959
Due County for Added and Omitted Taxes	6,409	4,155
Local District School Taxes Payable	14,975,609	14,673,133
Establish Reserve for Interfunds	2,012	1,601
Prior Year Senior Citizen Deduction Disallowed	250	140
Refund Prior Year Revenue	<u>1,040</u>	<u>1,008</u>
 Total Expenditures	 <u>30,160,737</u>	 <u>29,770,903</u>
 Statutory Excess to Fund Balance	 1,225,785	 1,437,888
 Fund Balance, January 1	 <u>1,730,886</u>	 <u>1,992,998</u>
	2,956,671	3,430,886
Decreased by:		
Utilization as Anticipated Revenue	<u>1,500,000</u>	<u>1,700,000</u>
 Fund Balance, December 31	 <u>\$ 1,456,671</u>	 <u>\$ 1,730,886</u>

BOROUGH OF LITTLE FERRY
COMPARATIVE STATEMENTS OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>		<u>2008</u>	
	<u>Budget After</u>	<u>Actual</u>	<u>Budget After</u>	<u>Actual</u>
	<u>Modification</u>		<u>Modification</u>	
FUND BALANCE ANTICIPATED	\$ <u>1,500,000</u>	\$ <u>1,500,000</u>	\$ <u>1,700,000</u>	<u>1,700,000</u>
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	25,000	35,789	25,700	\$ 27,822
Other	45,000	51,600	45,100	46,199
Fees and Permits	12,000	10,275	13,700	12,429
Fines and Costs				
Municipal Court	155,000	195,572	171,000	161,027
Interest and Costs on Taxes	119,300	114,565	100,000	119,342
Energy Receipts Tax	841,947	841,947	744,405	744,405
Supplemental Enery Reciepts Tax			42,716	42,716
Consolidated Municipal Property Tax Relief Act	337,624	337,624	422,696	422,696
Extradorinary Aid			125,000	125,000
Uniform Fire Safety Act	28,500	32,434	25,000	30,428
Uniform Construction Code Fees	81,300	83,432	136,000	81,308
State and Federal Revenues Offset with				
Appropriations				
Municipal Alliance	11,017	11,017	11,500	11,500
NJ Meadowlands Commission Grant - MAP	120,000	120,000	100,000	100,000
Clean Communities	11,200	11,200	11,139	11,139
Reserve for Body Armor Replacement Program	2,721	2,721	457	457
Reserve for Clean Communities			2,503	2,503
Reserve for Recycling Tonnage			3,774	3,774
Reserve for NJ Municipal Stormwater Reg. Program	2,552	2,552		
Reserve for NJ Meadowlands Comm. - Tax Sharing	1,325	1,325		
Reserve for Municipal Recycling Assistance	5,305	5,305	4,818	4,818
Reserve for Alcohol Education & Rehab	696	696	282	282
Reserve for HMDC Grant			1,000	1,000
Reserve for Environmental Commission Grant			2,500	2,500
Reserve for Drunk Driving Enforcement Fund	7,516	7,516	21,281	21,281
Other Special Items:				
Hotel Tax	55,000	41,748	65,000	60,081
Cell Tower Rents	31,400	32,664	30,000	31,408
Prior Year BCUA Interlocal Service Agreement Reimb	110,000	110,000		
Interlocal Agreement - BCUA	110,000	110,000	110,000	
Interlocal Agreement - Teterboro Police Svcs.	<u>260,000</u>	<u>262,500</u>	<u>250,000</u>	<u>252,600</u>
Total Miscellaneous Revenues	<u>2,374,403</u>	<u>2,422,482</u>	<u>2,465,571</u>	<u>2,316,715</u>
RECEIPTS FROM DELINQUENT TAXES	<u>530,000</u>	<u>527,041</u>	<u>535,000</u>	<u>582,703</u>
AMOUNT TO BE RAISED FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax For Municipal Purposes	<u>9,188,198</u>	<u>9,186,905</u>	<u>8,889,387</u>	<u>9,121,129</u>
Total General Revenues	<u>\$ 13,592,601</u>	<u>\$ 13,636,428</u>	<u>\$ 13,589,958</u>	<u>\$ 13,720,547</u>

The Accompanying Notes are an Integral Part of these Financial Statements

2009 STATEMENT OF EXPENDITURES

CURRENT FUND

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BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009 Appropriations</u>		<u>2009 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 150,800	\$ 152,400	\$ 152,398	\$ 2	
Other Expenses - Postage	13,400	13,400	12,803	597	
Other Expenses - Miscellaneous	13,725	22,425	21,915	510	
Other Expenses - CDL Drug Testing	750	750	116	634	
Mayor & Council					
Salaries & Wages	41,450	41,450	41,450		
Other Expenses	19,500	19,500	17,539	1,961	
Municipal Clerk					
Salaries & Wages	96,879	96,879	96,389	490	
Other Expenses	14,225	14,225	11,875	2,350	
Other Expenses - Elections	8,500	7,800	7,614	186	
Financial Administration (Treasury)					
Salaries & Wages	94,474	89,474	85,880	3,594	
Other Expenses	41,000	31,000	25,200	5,800	
Audit Services					
Other Expenses	37,500	37,500	37,500		
Revenue Administration (Tax Collection)					
Salaries & Wages	51,829	51,829	48,767	3,062	
Other Expenses	12,150	15,350	13,798	1,552	
Assessment of Taxes					
Salaries & Wages	22,273	22,273	21,955	318	
Other Expenses	35,575	20,575	7,615	12,960	
Legal Services & Costs					
Salaries & Wages	85,000	85,000	85,000		
Other Expenses - Fees and Costs	15,500	10,500	10,500		
Other Expenses - Special Counsel	10,000	10,000	9,957	43	
Engineering Services & Costs					
Other Expenses	34,200	21,700	19,760	1,940	
Historic Society					
Other Expenses	100	100		100	
Planning Board/ Zoning Board					
Salaries & Wages	13,245	13,245	12,716	529	
Other Expenses	44,525	38,205	26,737	11,468	
Insurance					
Unemployment	31,000	31,000	30,497	503	
Other Insurance Premiums	402,500	397,100	361,111	35,989	
Group Insurance for Employees	1,008,100	998,100	974,317	23,783	
PUBLIC SAFETY					
Aid to Volunteer Ambulance First Aid Squad	24,000	24,000	24,000		
Fire					
Salaries & Wages	11,839	11,839	8,150	3,689	
Salaries & Wages - Uniform Fire Safety	18,300	19,900	19,214	686	
Other Expenses - Clothing Allowance	55,000	55,000	52,425	2,575	
Other Expenses - Miscellaneous	66,900	66,900	53,377	13,523	
Other Expenses - Tuition	1,000	1,000	504	496	
Other Expenses - Physical Examinations	1,600	1,600	1,600		
Other Expenses - Uniform Fire Safety	18,950	18,950	14,808	4,142	
Other Expenses - Fire Hydrant Services	77,000	85,400	85,344	56	

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009 Appropriations</u>		<u>2009 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	\$ 3,068,161	\$ 3,068,161	\$ 2,964,360	\$ 103,801	
Other Expenses - Miscellaneous	43,950	43,950	27,367	16,583	
Other Expenses - Acquisition of Vehicles	10,000	10,000	3,489	6,511	
Municipal Prosecutor's Office					
Salaries & Wages	5,500	5,500	4,500	1,000	
Office of Emergency Management					
Other Expenses	2,500	2,500		2,500	
PUBLIC WORKS					
Streets & Roads Maintenance					
Salaries & Wages	802,939	802,939	793,667	9,272	
Other Expenses	60,100	62,700	42,555	20,145	
Other Public Works Functions					
Other Expenses - Sewer System	5,800	5,800	5,208	592	
Other Expenses - Drainage	9,750	9,750	9,750		
Other Expenses- Beautification Comm.	1,250	1,250	661	589	
Buildings and Grounds					
Salaries & Wages	53,165	53,165	37,261	15,904	
Other Expenses	37,550	37,550	29,934	7,616	
Other Expenses - Environmental Testing	500	500		500	
Vehicle Maintenance					
Other Expenses	40,800	40,800	35,570	5,230	
Solid Waste Collection					
Other Expenses - Garbage - Contractual	225,000	225,000	200,180	24,820	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	10,199	10,199	10,161	38	
Other Expenses	53,825	62,125	62,100	25	
Animal Control Services					
Salaries & Wages	2,900	2,900	2,900		
Other Expenses- Bergen County Animal Shelter	16,400	16,420	16,416	4	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries & Wages	22,000	22,700	22,633	67	
Other Expenses	22,650	22,650	15,118	7,532	
Maintenance of Parks and Playgrounds					
Other Expenses	15,650	15,650	9,973	5,677	

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009 Appropriations</u>		<u>2009 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)					
Celebration of Public Events					
Other Expenses	\$ 10,950	\$ 10,950	\$ 3,420	\$ 7,530	
Senior Citizen Program					
Other Expenses	11,600	11,600	6,926	4,674	
Senior Citizen / Community Busing					
Salaries & Wages	6,500	6,500	5,186	1,314	
Municipal Court					
Salaries and Wages	84,419	83,919	75,855	8,064	
Other Expenses	8,090	8,590	8,503	87	
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	2,000	2,000	2,000		
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	78,001	78,001	78,001		
Other Expenses	6,375	6,375	3,975	2,400	
Other Code Enforcement Functions					
Rent Leveling Board					
Salaries & Wages	1,525	1,525	1,525		
Other Expenses	50	50		50	
Property Maintenance Code					
Other Expenses	400	400		400	
Unclassified:					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	220,000	255,000	245,664	9,336	
Street Lighting	124,000	124,000	123,995	5	
Telephone	35,850	35,850	30,087	5,763	
Water	8,400	8,400	8,400		
Gasoline	150,000	150,000	86,910	63,090	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Garbage - Tipping Fees	346,500	346,500	302,589	43,911	
Recycling - Leaf Disposal	38,700	38,700	38,700	-	-
Total Operations Within "CAPS"	8,216,738	8,216,938	7,708,370	508,568	-
Detail:					
Salaries & Wages	4,723,398	4,721,798	4,569,968	151,830	
Other Expenses	3,493,340	3,495,140	3,138,402	356,738	-

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009 Appropriations</u>		<u>2009 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES / REGULATORY					
EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	\$ 180,000	\$ 180,000	\$ 179,995	\$ 5	
Public Employees Retirement System	74,974	75,959	75,335	624	
Consolidated Police & Fire Retirement System	100	100		100	
Police & Firemens' Retirement	317,889	318,799	318,799		
Pension Adjustment Fund	<u>5,000</u>	<u>2,905</u>	<u>1,119</u>	<u>1,786</u>	<u>-</u>
Total Deferred Charges & Statutory					
Expenditures - Municipal within "CAPS"	<u>577,963</u>	<u>577,763</u>	<u>575,248</u>	<u>2,515</u>	<u>-</u>
Total General Appropriations for Municipal					
Purposes Within "CAPS"	<u>8,794,701</u>	<u>8,794,701</u>	<u>8,283,618</u>	<u>511,083</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Police Dispatch/911					
Other Expenses	8,750	8,750	8,100	650	
Reverse 911	750	750		750	
Educational Functions					
Maintenance of Free Public Library (P.L.1985 C.82)	445,053	445,053	435,230	9,823	
Hackensack Meadowlands Adjustment Tax	445,423	445,423	445,423		
Sewerage Processing and Disposal Costs					
Bergen County Utilities Authority-Contractual	975,000	975,000	972,415	2,585	
South Hackensack Sewer Charges	35,000	35,000	19,126	15,874	
Recycling Tax	10,000	10,000	7,615	2,385	
Public Safety Functions					
LOSAP- Fire Dept.	<u>107,400</u>	<u>107,400</u>	<u>97,348</u>	<u>10,052</u>	<u>-</u>
Total Other Operations Excluded from					
"CAPS"	<u>2,027,376</u>	<u>2,027,376</u>	<u>1,985,257</u>	<u>42,119</u>	<u>-</u>
Interlocal Municipal Services Agreement					
Bergen County Utilities Authority					
Salaries & Wages	110,000	110,000	110,000		
Teterboro Police					
Salaries & Wages	197,000	197,000	197,000		
Other Expenses	<u>63,000</u>	<u>63,000</u>	<u>62,892</u>	<u>108</u>	<u>-</u>
Total Interlocal Municipal Service Agreements	<u>370,000</u>	<u>370,000</u>	<u>369,892</u>	<u>108</u>	<u>-</u>

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009 Appropriations</u>		<u>2009 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.)					
Public and Private Programs Offset by Revenues					
Drunk Driving Enforcement Fund	\$ 7,516	\$ 7,516	\$ 7,516		
Alcohol Ed. & Rehab	696	696	696		
NJ Mun. Storm Water Reg. Program	2,552	2,552	2,552		
Municipal Alliance	11,017	11,017	11,017		
NJ Meadowlands Commission	20,000	120,000	111,915	\$ 8,085	
Recycling Tonnage Grant	5,305	5,305	5,305		
Body Armor Replacement Program	2,721	2,721	2,721		
NJ Meadowlands Commission- Tax Sharing	1,325	1,325	1,325		
Clean Communities	-	11,200	11,200		
Municipal Alliance - Local Share	2,875	2,875	2,875	-	-
Total Public and Private Programs Offset by Revenues	54,007	165,207	157,122	8,085	-
Total Operations Excluded from "CAPS"	2,451,383	2,562,583	2,512,271	50,312	-
Detail:					
Salaries & Wages	307,000	307,000	307,000		
Other Expenses	2,144,383	2,255,583	2,205,271	50,312	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	25,000	25,000	25,000	-	-
Total Capital Improvements Excluded from "CAPS"	25,000	25,000	25,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	625,000	625,000	625,000		
Payment of Bond Anticipation and Emergency Notes	160,000	160,000	160,000		
Interest on Bonds	155,570	155,570	155,570		
Interest on Notes	152,091	152,091	152,091		
Green Trust Loan Repayments - Princ. & Interest	20,718	20,718	20,718	-	-
Total Municipal Debt Service Excluded from "CAPS"	1,113,379	1,113,379	1,113,379	-	-

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>2009 Appropriations</u>		<u>2009 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES - Excluded from CAPS Special Emergency Authorizations (5 Years)	\$ 67,600	\$ 67,600	\$ 67,600	-	-
Total Deferred Charges- Excluded from "CAPS"	67,600	67,600	67,600	-	-
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	97,288	97,288	97,288	-	-
Total General Appropriations Excluded from "CAPS"	3,754,650	3,865,850	3,815,538	\$ 50,312	\$ -
Subtotal General Appropriations	12,549,351	12,660,551	12,099,156	561,395	-
Reserve for Uncollected Taxes	932,050	932,050	932,050	-	-
Total General Appropriations	<u>\$ 13,481,401</u>	<u>\$ 13,592,601</u>	<u>\$ 13,031,206</u>	<u>\$ 561,395</u>	<u>\$ -</u>
Budget as Adopted		\$ 13,481,401			
Appropriations Added by 40A:4-87		111,200			
		<u>\$ 13,592,601</u>			

2008 STATEMENT OF EXPENDITURES

CURRENT FUND

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BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008 Appropriations</u>		<u>2008 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries & Wages	\$ 142,192	\$ 147,017	\$ 147,000	\$ 17	
Other Expenses - Postage	13,000	13,000	11,775	1,225	
Other Expenses - Miscellaneous	22,250	22,250	19,904	2,346	
Other Expenses - CDL Drug Testing	1,000	1,000	380	620	
Mayor & Council					
Salaries & Wages	42,694	42,469	41,450	1,019	
Other Expenses	24,100	21,100	20,974	126	
Municipal Clerk					
Salaries & Wages	91,327	92,627	92,527	100	
Other Expenses	16,850	10,850	10,765	85	
Other Expenses - Elections	9,000	7,000	6,990	10	
Financial Administration (Treasury)					
Salaries & Wages	88,115	83,115	82,975	140	
Other Expenses	50,100	39,100	33,662	5,438	
Audit Services					
Other Expenses	35,000	35,000	35,000		
Revenue Administration (Tax Collection)					
Salaries & Wages	50,713	51,213	51,206	7	
Other Expenses	12,200	10,200	9,486	714	
Assessment of Taxes					
Salaries & Wages	21,008	21,008	20,900	108	
Other Expenses	28,675	18,675	16,235	2,440	
Legal Services & Costs					
Salaries & Wages	75,000	75,000	75,000		
Other Expenses - Fees and Costs	15,000	15,000	14,999	1	
Other Expenses - Special Counsel	40,000	25,000	25,000		
Engineering Services & Costs					
Other Expenses	22,500	24,800	24,779	21	
Historic Society					
Other Expenses	100	100		100	
Planning Board/ Zoning Board					
Salaries & Wages	12,497	12,697	12,438	259	
Other Expenses	26,850	6,850	2,145	4,705	
Insurance					
Unemployment	29,500	29,500	29,500		
Other Insurance Premiums	408,500	389,500	382,796	6,704	
Group Insurance for Employees	1,022,400	1,105,800	1,094,222	11,578	
PUBLIC SAFETY					
Aid to Volunteer Ambulance First Aid Squad	24,000	24,000	24,000		
Fire					
Salaries & Wages	26,766	25,066	8,150	16,916	
Salaries & Wages - Uniform Fire Safety	19,082	13,487	13,483	4	
Other Expenses - Clothing Allowance	55,000	54,500	54,413	87	
Other Expenses - Miscellaneous	74,650	66,550	52,428	14,122	
Other Expenses - Tuition	2,000				
Other Expenses - Physical Examinations	1,500	1,500	1,436	64	
Other Expenses - Uniform Fire Safety	20,600	16,195	16,176	19	
Other Expenses - Fire Hydrant Services	69,000	76,000	75,316	684	

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008 Appropriations</u>		<u>2008 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	\$ 2,803,301	\$ 3,008,446	\$ 2,902,566	\$ 105,880	
Other Expenses - Miscellaneous	44,582	52,582	45,021	7,561	
Other Expenses - Junior Safety Patrol	300	300		300	
Other Expenses - Acquisition of Vehicles	15,000	2,000	2,000		
Municipal Prosecutor's Office					
Salaries & Wages	5,665	5,725	5,725		
Office of Emergency Management					
Other Expenses	3,000	3,000	2,998	2	
PUBLIC WORKS					
Streets & Roads Maintenance					
Salaries & Wages	790,432	790,432	732,606	57,826	
Other Expenses	60,950	48,720	41,707	7,013	
Other Public Works Functions					
Other Expenses - Sewer System	5,500				
Other Expenses - Drainage	10,000	10,000	6,354	3,646	
Other Expenses- Beautification Comm.	1,000	1,000	602	398	
Buildings and Grounds					
Salaries & Wages	49,500	51,125	50,901	224	
Other Expenses	37,500	37,500	31,843	5,657	
Other Expenses - Environmental Testing	1,000	1,000	350	650	
Vehicle Maintenance					
Other Expenses	35,000	37,000	36,309	691	
Solid Waste Collection					
Other Expenses - Garbage - Contractual	245,000	214,000	212,442	1,558	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries & Wages	10,280	10,280	9,987	293	
Other Expenses	59,725	59,725	52,112	7,613	
Animal Control Services					
Salaries & Wages	3,098	3,098	2,900	198	
Other Expenses- Bergen County Animal Shelter	16,000	16,000	15,876	124	
PARK AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries & Wages	21,888	20,088	20,055	33	
Other Expenses	22,650	16,250	15,814	436	
Maintenance of Parks and Playgrounds					
Other Expenses	13,250	13,250	8,429	4,821	
OTHER COMMON OPERATING FUNCTIONS					
Salary and Wage Adjustment	48,000				

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008 Appropriations</u>		<u>2008 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)					
Celebration of Public Events					
Other Expenses	\$ 6,400	\$ 6,400	\$ 4,659	\$ 1,741	
Senior Citizen Program					
Other Expenses	14,100	14,100	6,814	7,286	
Senior Citizen / Community Busing					
Salaries & Wages	8,240	8,240	2,044	6,196	
Municipal Court					
Salaries and Wages	81,458	83,058	83,057	1	
Other Expenses	7,790	9,290	8,841	449	
Public Defender (P.L. 1997, C.256)					
Salaries and Wages	2,060	2,060	2,000	60	
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	73,260	73,260	72,511	749	
Other Expenses	8,225	5,225	4,421	804	
Other Code Enforcement Functions					
Rent Leveling Board					
Salaries & Wages	1,571	1,571	1,525	46	
Other Expenses	50	50		50	
Property Maintenance Code					
Salaries and Wages	4,559	59		59	
Other Expenses	500				
Unclassified:					
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	225,000	215,000	201,840	13,160	
Street Lighting	121,250	117,250	116,579	671	
Telephone	31,000	33,500	32,037	1,463	
Water	7,000	8,000	7,772	228	
Gasoline	145,000	127,500	112,639	14,861	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Garbage - Tipping Fees	350,000	347,000	314,122	32,878	-
Host Fees	20,000				
Recycling - Leaf Disposal	36,226	9,226	9,199	27	-
Total Operations Within "CAPS"	8,039,479	8,039,479	7,684,167	355,312	-
Detail:					
Salaries & Wages	4,424,706	4,621,141	4,431,006	190,135	
Other Expenses	3,614,773	3,418,338	3,253,161	165,177	-

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008 Appropriations</u>		<u>2008 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES / STATUTORY					
EXPENDITURES - MUNICIPAL WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	\$ 175,000	\$ 175,000	\$ 173,686	\$ 1,314	
Consolidated Police & Fire Retirement System	43	43	43		
Pension Adjustment Fund	<u>9,737</u>	<u>9,737</u>	<u>9,699</u>	<u>38</u>	<u>-</u>
Total Deferred Charges & Statutory					
Expenditures - Municipal within "CAPS"	<u>184,780</u>	<u>184,780</u>	<u>183,428</u>	<u>1,352</u>	<u>-</u>
Total General Appropriations for Municipal					
Purposes Within "CAPS"	<u>8,224,259</u>	<u>8,224,259</u>	<u>7,867,595</u>	<u>356,664</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Police Dispatch/911					
Other Expenses	8,900	8,900	8,100	800	
Reverse 911	1,000	1,000		1,000	
Educational Functions					
Maintenance of Free Public Library (P.L.1985 C.82)	442,299	442,299	427,267	15,032	
Hackensack Meadowlands Adjustment Tax	420,000	420,000	415,446	4,554	
Sewerage Processing and Disposal Costs					
Bergen County Utilities Authority-Contractual	895,000	895,000	878,775	16,225	
South Hackensack Sewer Charges	31,500	31,500	30,836	664	
Recycling Tax	13,500	13,500	13,500		
Public Safety Functions					
LOSAP- Fire Dept.	87,500	87,500	79,200	8,300	
Insurance					
Public Employees Retirement System	88,789	88,789	81,789	7,000	
Police & Fireman's Retirement Sys. of NJ	<u>561,374</u>	<u>561,374</u>	<u>561,374</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded from					
"CAPS"	<u>2,549,862</u>	<u>2,549,862</u>	<u>2,496,287</u>	<u>53,575</u>	<u>-</u>
Interlocal Municipal Services Agreement					
Bergen County Utilities Authority					
Salaries & Wages	110,000	110,000	110,000		
Teterboro Police					
Salaries & Wages	187,000	187,000	187,000		
Other Expenses	<u>63,000</u>	<u>63,000</u>	<u>50,000</u>	<u>13,000</u>	<u>-</u>
Total Interlocal Municipal Service Agreements	<u>360,000</u>	<u>360,000</u>	<u>347,000</u>	<u>13,000</u>	<u>-</u>

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008 Appropriations</u>		<u>2008 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.)					
Public and Private Programs Offset by Revenues					
Municipal Recycling Grant	\$ 8,592	\$ 8,592	\$ 8,592		
Alcohol Ed. & Rehab	282	282	282		
Drunk Driving Enforcement Grant	21,281	21,281	21,281		
Municipal Alliance	11,500	11,500	11,500		
Reserve for Environmental Commission Grant	2,500	2,500	2,500		
NJ Meadowlands Commission	100,000	100,000	100,000		
Reserve for HMDC Grant	1,000	1,000	1,000		
Body Armor Replacement Program	457	457	457		
Clean Communities	13,642	13,642	13,642		
Municipal Alliance - Local Share	2,875	2,875	2,875	-	-
	<u>162,129</u>	<u>162,129</u>	<u>162,129</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues					
	<u>162,129</u>	<u>162,129</u>	<u>162,129</u>	<u>-</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>3,071,991</u>	<u>3,071,991</u>	<u>3,005,416</u>	<u>\$ 66,575</u>	<u>-</u>
Detail:					
Salaries & Wages	297,000	297,000	297,000		
Other Expenses	2,774,991	2,774,991	2,708,416	66,575	-
	<u>2,774,991</u>	<u>2,774,991</u>	<u>2,708,416</u>	<u>66,575</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>-</u>
Total Capital Improvements Excluded from "CAPS"	<u>90,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	645,000	645,000	645,000		
Payment of Bond Anticipation and Emergency Notes	11,100	11,100	11,100		
Interest on Bonds	215,820	215,820	215,820		
Interest on Notes	164,829	164,829	164,829		
Green Trust Loan Repayments - Princ. & Interest	20,718	20,718	20,717	-	\$ 1
	<u>1,057,467</u>	<u>1,057,467</u>	<u>1,057,466</u>	<u>-</u>	<u>1</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>1,057,467</u>	<u>1,057,467</u>	<u>1,057,466</u>	<u>-</u>	<u>1</u>

BOROUGH OF LITTLE FERRY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008 Appropriations</u>		<u>2008 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES - Excluded from CAPS					
Emergency Authorization	\$ 42,350	\$ 42,350	\$ 42,350		
Special Emergency Authorizations (5 Years)	<u>67,600</u>	<u>67,600</u>	<u>67,600</u>	<u>-</u>	<u>-</u>
Total Deferred Charges- Excluded from "CAPS"	<u>109,950</u>	<u>109,950</u>	<u>109,950</u>	<u>-</u>	<u>-</u>
Transferred to B.O.E. for Use of Local Schools (N.J.S.A. 40:48-17.1 & 17.3)	<u>104,241</u>	<u>104,241</u>	<u>104,241</u>	<u>-</u>	<u>-</u>
Total General Appropriations Excluded from "CAPS"	<u>4,433,649</u>	<u>4,433,649</u>	<u>4,367,073</u>	<u>\$ 66,575</u>	<u>\$ 1</u>
Subtotal General Appropriations	12,657,908	12,657,908	12,234,668	423,239	1
Reserve for Uncollected Taxes	<u>932,050</u>	<u>932,050</u>	<u>932,050</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 13,589,958</u>	<u>\$ 13,589,958</u>	<u>\$ 13,166,718</u>	<u>\$ 423,239</u>	<u>\$ 1</u>
Budget as Adopted		<u>\$ 13,589,958</u>			

**BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
ANIMAL CONTROL FUND		
Cash	\$ 4,829	\$ 13,672
	<u>4,829</u>	<u>13,672</u>
OTHER TRUST FUND		
Cash	374,907	432,308
Due from Current Fund	<u>244,495</u>	<u>256,175</u>
	<u>619,402</u>	<u>688,483</u>
COMMUNITY DEVELOPMENT TRUST FUND		
Cash	100	100
Due from Other Trust Fund	<u>100</u>	<u>100</u>
	<u>200</u>	<u>200</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND-(LOSAP)-(UNAUDITED)		
Investments	566,324	392,616
Contribution Receivable	<u>107,332</u>	<u>97,348</u>
	<u>673,656</u>	<u>489,964</u>
Total Assets	<u>\$ 1,298,087</u>	<u>\$ 1,192,319</u>

**BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
LIABILITIES, RESERVES AND FUND BALANCE		
ANIMAL CONTROL FUND		
Reserve for Animal Control Fund Expenditures	\$ 2,991	\$ 2,414
Due to State of New Jersey		24
Due to Current Fund	<u>1,838</u>	<u>11,234</u>
	<u>4,829</u>	<u>13,672</u>
OTHER TRUST FUND		
Escrow and Miscellaneous Deposits	174,834	180,640
Due to General Capital Fund	2,711	2,711
Payroll Deductions Payable	61,156	143,734
Reserve for POAA	1,638	1,116
Reserve for Indian Lake Fund	100	100
Reserve for Municipal Alliance Fund	15,143	8,296
Reserve for Recreation Fees	131,660	108,890
Reserve for Veteran's Park	4,139	4,133
Reserve for Accumulated Leave Compensation	227,896	238,763
Reserve for Affordable Housing	25	
Due to Community Development Trust Fund	<u>100</u>	<u>100</u>
	<u>619,402</u>	<u>688,483</u>
COMMUNITY DEVELOPMENT TRUST FUND		
Due to General Capital Fund	<u>200</u>	<u>200</u>
	<u>200</u>	<u>200</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (LOSAP) (UNAUDITED)		
Reserve for LOSAP	<u>673,656</u>	<u>489,964</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 1,298,087</u>	<u>\$ 1,192,319</u>

**BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 1,226,683	\$ 1,889,880
Grants/Accounts Receivable	136,514	397,172
Deferred Charges to Future Taxation		
Funded	3,926,681	4,528,729
Unfunded	7,661,902	6,951,664
Due from Community Development Trust Fund	200	200
Due from Current Fund		74,441
Due from Other Trust Fund	<u>2,711</u>	<u>2,711</u>
 Total Assets	 <u><u>\$ 12,954,691</u></u>	 <u><u>\$ 13,844,797</u></u>
 LIABILITIES, RESERVES AND FUND BALANCE		
General Serial Bonds Payable	\$ 3,756,000	\$ 4,341,000
Bond Anticipation Notes Payable	4,763,500	5,500,000
Green Acres Loan Payable	170,681	187,729
Improvement Authorizations		
Funded	447,796	256,012
Unfunded	2,350,013	1,789,771
Encumbrances/Contracts Payable	1,195,534	1,191,265
Due to Current Fund	174	
Reserve for Grants/Accounts Receivable	9,612	222,023
Reserve for Payment of Bonds	90,960	108,935
Capital Improvement Fund	15,646	90,000
Fund Balance	<u>154,775</u>	<u>158,062</u>
 Total Liabilities, Reserves and Fund Balance	 <u><u>\$ 12,954,691</u></u>	 <u><u>\$ 13,844,797</u></u>

There were bonds and notes authorized but not issued at December 31, 2009 and 2008 amounting to \$3,153,593 and \$2,114,154 respectively.

BOROUGH OF LITTLE FERRY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Balance, January 1	\$ 158,062	\$ 109,756
Increased by:		
Premium on Sale of Bonds/Notes	<u>91,713</u>	<u>48,306</u>
	249,775	158,062
Decreased by:		
Appropriated to Finance Improvement Authorizations	<u>95,000</u>	<u>-</u>
	<u>95,000</u>	<u>-</u>
Balance, December 31	<u><u>\$ 154,775</u></u>	<u><u>\$ 158,062</u></u>

**BOROUGH OF LITTLE FERRY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
ASSETS		
Land	\$ 7,879,746	\$ 7,879,746
Buildings and Building Improvements	16,886,802	16,886,802
Machinery and Equipment	<u>3,397,065</u>	<u>3,288,645</u>
Total Assets	<u>\$ 28,163,613</u>	<u>\$ 28,055,193</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 28,163,613</u>	<u>\$ 28,055,193</u>

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NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

A. Reporting Entity

The Borough of Little Ferry (the "Borough") was incorporated in 1894 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

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

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

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. 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 - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

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

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

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

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

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

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

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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:

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. 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 June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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 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

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 2009 the Borough Council increased the original budget by \$111,200. The Borough did not increase the original 2008 budget. The increase was funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2009 and 2008.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

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.

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.

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.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Fixed Assets are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost (Purchased Prior to December 31, 2002) Historical Cost (Purchased After January 1, 2003)

No depreciation has been provided for in the financial statements.

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

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

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Reclassifications - Certain reclassifications have been made to the December 31, 2008 balances to conform to the December 31, 2009 presentation.

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.

C. Basic Financial Statements

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 financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

NOTE 2 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.

Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by the FDIC.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank for a temporary period ending December 31, 2013. SIPC replaces cash claims up to a maximum of \$100,000 for each failed brokerage firm. At December 31, 2009 and 2008, the book value of the Borough's deposits were \$7,151,905 and \$8,686,624 and bank and brokerage firm balances of the Borough's deposits amounted to \$7,430,055 and \$9,015,016, 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>2009</u>	<u>2008</u>
Insured	\$ 7,430,055	\$ 9,015,016

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, all the Borough's deposits appear adequately insured.

Investments

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

As of December 31, 2009 and 2008, the Borough had the following investments:

	<u>Fair Value</u>	
	<u>(LOSAP)</u>	
	<u>2009</u>	<u>2008</u>
Investment:		
Lincoln Financial Group LOSAP		
Investment Fund (Unaudited)	\$ 566,324	\$ 392,616

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

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, 2009 and 2008, \$566,324 and \$392,616 of the Borough's investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP)	
	<u>2009</u>	<u>2008</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust		
department but not in the Borough's name (unaudited)	\$ <u>566,324</u>	\$ <u>392,616</u>

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2009 and 2008, the Borough's investment in Lincoln Financial Group was rated Baa2 and Baa2, respectively, by Moody's Investors Services.

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

The fair value of the above-listed investments were based on quoted market prices by Lincoln Financial Group.

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 3 TAXES RECEIVABLE

Receivables at December 31, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
<u>Current</u>		
Property Taxes	<u>\$552,221</u>	<u>\$536,348</u>

In 2009 and 2008, the Borough collected \$527,041 and \$582,703 from delinquent taxes, which represented 98% and 99% of the prior year delinquent taxes receivable balance.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2009</u>	<u>2008</u>
Issued		
General		
Bonds, Notes and Loans	\$ 8,690,181	\$ 10,028,729
Less Funds Temporarily Held to Pay Bonds and Notes	<u>346,151</u>	<u>771,435</u>
Net Debt Issued	8,344,030	9,257,294
Authorized But Not Issued		
General		
Bonds and Notes	<u>3,153,593</u>	<u>2,114,154</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u><u>\$ 11,497,623</u></u>	<u><u>\$ 11,371,448</u></u>

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .88% and .88% at December 31, 2009 and 2008, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2009</u>			
General Debt	\$ 11,843,774	\$ 346,151	\$ 11,497,623
School Debt	<u>2,309,655</u>	<u>2,309,655</u>	<u>-</u>
Total	<u><u>\$ 14,153,429</u></u>	<u><u>\$ 2,655,806</u></u>	<u><u>\$ 11,497,623</u></u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 MUNICIPAL DEBT (Continued)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2008</u>			
General Debt	\$ 12,142,883	\$ 771,435	\$ 11,371,448
School Debt	<u>2,584,656</u>	<u>2,584,656</u>	<u>-</u>
Total	<u>\$ 14,727,539</u>	<u>\$ 3,356,091</u>	<u>\$ 11,371,448</u>

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

	<u>2009</u>	<u>2008</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 45,487,820	\$ 45,008,185
Net Debt	<u>11,497,623</u>	<u>11,371,448</u>
Remaining Borrowing Power	<u>\$ 33,990,197</u>	<u>\$ 33,636,737</u>

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>2009</u>	<u>2008</u>
\$2,710,000, 1999 Bonds, due in annual installments of \$135,000 to \$180,000 through August 2017, interest at 5.00% (Refunded by 2009 Refunding Bond)		\$ 1,610,000
\$3,726,000, 2002 Bonds, due in annual installments of \$200,000 to \$320,000 through August 2016, interest at 4.00% to 4.60%	\$ 2,236,000	2,516,000
\$1,815,000, 2003 Refunding Bonds, due in an annual installments of \$215,000 through August 2009, interest at 3.00% to 3.25%		215,000
\$1,650,000, 2009 Refunding Bonds, due in annual installments of \$180,000 to \$200,000 through August 2017, interest at 3.00% to 4.00%	<u>1,520,000</u>	<u>-</u>
	<u>\$ 3,756,000</u>	<u>\$ 4,341,000</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 MUNICIPAL DEBT (Continued)

General Intergovernmental Loans Payable

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

	<u>2009</u>	<u>2008</u>
\$210,462, 2000 Loan due in Semi-annual installments of \$6,544 through May, 2018, interest at 2.00%	\$ 101,833	\$ 112,720
\$122,710, 2000 Loan due in Semi-annual installments of \$3,815 through July 2019, interest at 2.00%	<u>68,848</u>	<u>75,009</u>
	<u>\$ 170,681</u>	<u>\$ 187,729</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2009 is as follows:

Calendar Year	<u>General</u>		<u>Green Acres Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010	\$ 520,000	\$ 138,586	\$ 17,391	\$ 3,327	\$ 679,304
2011	515,000	119,386	17,740	2,978	655,104
2012	515,000	100,336	18,097	2,621	636,054
2013	510,000	81,086	18,461	2,257	611,804
2014	510,000	60,486	18,832	1,886	591,204
2015-2019	<u>1,186,000</u>	<u>63,204</u>	<u>80,160</u>	<u>3,796</u>	<u>1,333,160</u>
Total	<u>\$ 3,756,000</u>	<u>\$ 563,084</u>	<u>\$ 170,681</u>	<u>\$ 16,865</u>	<u>\$ 4,506,630</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years 2009 and 2008 were as follows:

	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>	Due Within <u>One Year</u>
<u>2009</u>					
General Capital Fund					
Bonds Payable	\$ 4,341,000	\$ 1,650,000	\$ 2,235,000	\$ 3,756,000	\$ 520,000
Intergovernmental Loans Payable	<u>187,729</u>	<u>-</u>	<u>17,048</u>	<u>170,681</u>	<u>17,391</u>
General Capital Fund Long-Term Liabilities	<u>\$ 4,528,729</u>	<u>\$ 1,650,000</u>	<u>\$ 2,252,048</u>	<u>\$ 3,926,681</u>	<u>\$ 537,391</u>
	Balance, December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2008</u>	Due Within <u>One Year</u>
<u>2008</u>					
General Capital Fund					
Bonds Payable	\$ 4,986,000		\$ 645,000	\$ 4,341,000	\$ 625,000
Intergovernmental Loans Payable	<u>204,441</u>	<u>-</u>	<u>16,712</u>	<u>187,729</u>	<u>17,048</u>
General Capital Fund Long-Term Liabilities	<u>\$ 5,190,441</u>	<u>\$ -</u>	<u>\$ 661,712</u>	<u>\$ 4,528,729</u>	<u>\$ 642,048</u>

Short-Term Debt

The Borough's short-term capital debt activity for the years 2009 and 2008 was as follows:

	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Bond Anticipation Notes				
General Capital Fund	<u>\$ 5,500,000</u>	<u>\$ 4,763,500</u>	<u>\$ 5,500,000</u>	<u>\$ 4,763,500</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt (Continued)

	Balance, December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2008</u>
<u>2008</u>				
Bond Anticipation Notes				
General Capital Fund	\$ 3,808,000	\$ 5,500,000	\$ 3,808,000	\$ 5,500,000

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2009 and 2008 as follows:

	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Special Emergency Notes	\$ 46,000	\$ -	\$ 46,000	\$ -

	Balance, December 31, <u>2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2008</u>
<u>2008</u>				
Special Emergency Notes	\$ 92,000	\$ 46,000	\$ 92,000	\$ 46,000

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2009 and 2008.

	Balance December 31, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Land	\$ 7,879,746			\$ 7,879,746
Buildings and Building Improvement	16,886,802			16,886,802
Machinery and Equipment	<u>3,288,645</u>	<u>\$ 108,420</u>	<u>-</u>	<u>3,397,065</u>
	<u>\$ 28,055,193</u>	<u>\$ 108,420</u>	<u>\$ -</u>	<u>\$ 28,163,613</u>

	Balance December 31, <u>2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2008</u>
<u>2008</u>				
Land	\$ 7,879,746			\$ 7,879,746
Buildings and Building Improvement	16,886,802			16,886,802
Machinery and Equipment	<u>3,133,941</u>	<u>\$ 280,337</u>	<u>\$ 125,633</u>	<u>3,288,645</u>
	<u>\$ 27,900,489</u>	<u>\$ 280,337</u>	<u>\$ 125,633</u>	<u>\$ 28,055,193</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 6 DUE TO/FROM OTHER FUNDS

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

	<u>2009</u>		<u>2008</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 2,012	\$ 244,495	\$ 11,234	\$ 330,616
Trust Funds				
Animal Control Fund		1,838		11,234
Other Trust Fund	244,495	2,811	256,175	2,811
Community Development Trust Fund	100	200	100	200
General Capital Fund	<u>2,911</u>	<u>174</u>	<u>77,352</u>	<u>-</u>
Total	<u>\$ 249,518</u>	<u>\$ 249,518</u>	<u>\$ 344,861</u>	<u>\$ 344,861</u>

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

The Borough expects all interfund balances except the balance between Current Fund and Other Trust Fund (Reserve for Accumulated Leave Compensation) to be liquidated within one year.

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Fund(s) are 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:

	Fund Balance December 31, <u>2009</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2008</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 1,338,485	\$ 1,250,000	\$ 1,595,417	\$ 1,500,000
Non-Cash Surplus	<u>118,186</u>	<u>-</u>	<u>135,469</u>	<u>-</u>
	<u>\$ 1,456,671</u>	<u>\$ 1,250,000</u>	<u>\$ 1,730,886</u>	<u>\$ 1,500,000</u>

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 7 FUND BALANCES APPROPRIATED (Continued)

The above fund balance amounts appropriated represents the surplus anticipated in the 2010 introduced municipal budget. The 2010 municipal budget has not been legally adopted as of the date of audit.

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	Balance, <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	Balance to Succeeding <u>Budgets</u>
<u>2009</u>			
THERE ARE NONE.			
<u>2008</u>			
Current Fund			
Special Emergency - Tax Map	\$ 11,600	\$ 11,600	
Special Emergency - Revaluation	46,000	46,000	
Special Emergency - Codification of Ordinances	<u>10,000</u>	<u>10,000</u>	<u>-</u>
	<u>\$ 67,600</u>	<u>\$ 67,600</u>	<u>\$ -</u>

NOTE 9 COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and 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 \$1,237,339 and \$1,162,993 at December 31, 2009 and 2008, 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, 2009 and 2008, the Borough has reserved \$227,896 and \$238,763, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 10 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.

Consolidated Police and Firemen's Pension fund (CPFPPF) – established in January 1952, under the provisions of N.J.S.A. 43:16 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members.

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 June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement healthcare coverage.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

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) which provides 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. This benefit is funded by the State as benefit allowances become payable.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

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/pension.

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports 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.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2009, c. 19, effective March 17, 2009 provides an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by the PERS and PFRS for payments due in State fiscal year 2009. This law also provides that a local employer may pay 100 percent of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS and PFRS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

P.L. 2008, c. 89, effective November 1, 2008, increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

P.L. 2007, c. 103, certain parts effective July 1, 2007, provided for the following: changed contribution rates of PERS and Defined Contribution Retirement Program (DCRP) to 5.5 percent of annual compensation; imposed an annual maximum wage contribution base and a new retirement age to new employees; implemented changes to State Health Benefits Program (SHBP) which included the creation of the School Employees' Health Benefit Program (SEHBP) and established an employee contribution of 1.5 percent of the employee's base salary.

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 72.6 percent with an unfunded actuarial accrued liability of \$34.4 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 69.6 percent and \$23.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.2 percent and \$11.4 billion.

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

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems except CPFPPF; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 5.5% for PERS, 8.50% for PFRS and 5.5% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2009 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. However, due to the enactment of P.L. 2009, c.19, the Borough opted to contribute a PFRS and PERS amount that reflected a 50 percent reduction of the normal and accrued liability component of the PFRS and PERS obligations due in the year ended December 31, 2009. The unpaid or deferred amount of \$293,734 for PFRS and \$60,046 for PERS will be paid with interest starting in the 2012 year over a 15 year period. The Borough is allowed to payoff the deferred pension obligations at any time. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employee contribution.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2009, 2008 and 2007, the Borough, except for the amounts deferred during the year ended December 31, 2009, was required to contribute for normal cost pension contributions the following amounts which equaled the required contributions for each year:

<u>Year Ended</u> <u>December 31</u>	<u>CPFPP</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2009	\$ 100	\$ 318,799	\$ 75,959	\$ 1,119
2008	43	561,374	88,789	
2007	77	363,339	64,434	

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough. The Plans are cost-sharing multiple employer-defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teachers Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as ~~a fund~~ Health Benefits Program Fund – State Class. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as a separate fund (Health Benefits Program Fund –Local) in the State's CAFR. The post-retirement benefit programs had a total of ~~454~~ 484 state and local participating employers and contributing entities for Fiscal Year 2009.

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 Funds. The financial reports may be assessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

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

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Investment Valuation

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

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the State had a \$55.9 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.8 billion for state active and retired members and \$36.1 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2009, there were 84,590 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$87.0 million for 7,255 eligible retired members for fiscal year 2009.

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$24.4 million in fiscal year 2009 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund for post-retirement benefits for the years ended December 31, 2009 and 2008 were \$257,503 and \$133,897, respectively, which equaled the required contributions for each year. The contribution for the year 2007 was not available. During the year ended 2007, the Borough previously provided post-retirement medical benefits to its eligible retirees through a single-employee defined benefit plan administered by the Borough. The Borough joined the New Jersey State Health Program effective June 1, 2008.

NOTE 12 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.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 12 RISK MANAGEMENT (Continued)

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

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Amount</u> <u>Reimbursed</u>
2009	\$ 30,497
2008	29,500
2007	28,000

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 13 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, 2009 and 2008. 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, 2009 and 2008, the Borough reserved \$25,499 and \$25,499, 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, 2009 and 2008, 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 14 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, 2009 and 2008, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 15 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.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

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

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

The Borough of Little Ferry has contributed \$1,248 and \$1,248 for 2009 and 2008, respectively, for each eligible volunteer fire department member and volunteer first aid squad members into the Plan.

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.

All earnings, dividends and other distributions of the account shall be automatically reinvested.

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.

BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 16 DEFERRED SCHOOL TAXES

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

	<u>2009</u>	<u>2008</u>
	Local District	Local District
	<u>School</u>	<u>School</u>
Balance of Tax	\$ 7,764,997	\$ 7,727,317
Deferred	<u>5,455,244</u>	<u>4,955,244</u>
Taxes Payable	<u>\$ 2,309,753</u>	<u>\$ 2,772,073</u>

NOTE 17 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</u>	<u>Estimated</u>
<u>2009</u>	<u>Commitment</u>	<u>Date of</u>
		<u>Completion</u>
Improvements to Merhof Park	\$31,177	2010
Renovation Police Dispatch Area	89,645	2010
L.L. Boys' Club Field Repair	17,826	2010
<u>2008</u>		
Improvements to Merhof Park	108,488	2009
Washington Ave. Sewer Replacement	66,207	2009

NOTE 18 DEFEASANCE OF DEBT

Current Refunding

On June 30, 2009, the Borough issued \$1,650,000 in General Obligation Refunding Bonds having an interest rate of 3.00% to 4.00%. 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 \$1,610,000. This current refunding resulted in the issuance of an additional \$40,000 in bonds and resulted in an increase of cash flows over the life of these bonds issues in the amount \$93,410; however, the economic gain (difference between the present value of the old and new debt service payments) was \$93,336. The current refunding was undertaken to reduce total debt service payments over the next 7 years by \$93,410.

**BOROUGH OF LITTLE FERRY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 19 SUBSEQUENT EVENTS

Bond Anticipation Notes

On April 29, 2010, the Borough issued Bond Anticipation Notes in the amount of \$5,500,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes at an interest rate of 0.97%. These notes dated May 7, 2010 will mature on September 7, 2010.

Debt Authorized

On June 1, 2010, the Borough adopted a Bond Ordinance authorizing the issuance of \$405,000 in Bonds or Bond Anticipation Notes to fund improvements to Franklin Street. As of the date of this report, the Borough has not issued nor awarded the sale of said bonds or notes.

On June 1, 2010, the Borough adopted a bond ordinance authorizing the issuance of \$20,900 in Bonds or Bond Anticipation Notes to fund the construction of certain sidewalks. As of the date of this report, the Borough has not issued nor awarded the sale of said bonds or notes.

Refunding Bonds

On June 16, 2010, the Borough adopted an ordinance for the issuance of \$2,000,000 Refunding Bonds for the purpose of refunding all or a part of the Borough's \$1,596,000 General Improvement Bonds dated October 1, 2002. As of the date of this report, the Borough has not issued nor awarded the sale of said bonds.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

*An opinion in substantially the following form
will be delivered at Closing, assuming no
material changes in facts or law.*

_____, 2010

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

Re: Borough of Little Ferry, New Jersey, \$6,300,000 General Improvement Bonds,
Series 2010

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the Borough of Little Ferry, in the County of Bergen, New Jersey (the "Borough"), of its General Improvement Bonds, Series 2010, in the aggregate principal amount of \$6,300,000 (the "Bonds"). The Bonds are general obligations of the Borough and the full faith, credit and taxing power of the Borough is available to pay the principal of and interest on the Bonds. The Bonds are dated _____, 2010 and mature on September 1 in the years and in the principal amounts and bear interest at the rates, payable on March 1, 2011 and semiannually thereafter on the first days of September and March in each year until maturity or earlier redemption, as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	\$ 75,000	%	2019	\$625,000	%
2012	\$100,000		2020	\$625,000	
2013	\$100,000		2021	\$650,000	
2014	\$125,000		2022	\$650,000	
2015	\$125,000		2023	\$650,000	
2016	\$150,000		2024	\$650,000	
2017	\$500,000		2025	\$650,000	
2018	\$625,000				

The Bonds will be initially issued in book-entry form only in the form of one certificate for the amount of Bonds of each series maturing in each year, registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. DTC will be responsible for maintaining the book-entry system for recording the interests of its participants or the transfers of such interests among such participants. Such participants shall be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of individual purchasers. Individual purchases

of the Bonds may be made in the principal amount of \$5,000 or multiples of \$1,000 in excess thereof through book-entries on the books and records of DTC and its participants.

The Bonds are issued under the provisions of the Local Bond Law, Chapter 169 of the Laws of 1960 of the State of New Jersey, effective January 1, 1962, and the acts amendatory thereof and supplemental thereto (the "Act"), Bond Ordinance Nos. 1032/1078/1119, 1165, 1065/1133, 1075, 1017/1085, 1086, 1087, 1106/1122, 1107, 1108, 1113, 1138, 1139, 1146, 1153/1202, 1166, 1169/1208/1210, 1189, 1217, 1232, 1236/1241/1275 and 1283 of the Borough (collectively, the "Ordinances"), and a resolution adopted by the Borough Council on August 10, 2010 (the "Resolution"). The Bonds are issued for the purpose of providing funds for the financing and refinancing of the capital improvements described in the Ordinances.

The Bonds are subject to redemption prior to maturity as described in the Resolution.

In our capacity as Bond Counsel and as a basis for the opinions set forth below, we have examined the proceedings relating to the authorization and issuance of the Bonds, including (a) copies of the Resolution and the Ordinances; (b) such matters of law, including, *inter alia*, the Act and the Internal Revenue Code of 1986, as amended (the "Code"); and (c) such other agreements, proceedings, certificates, records, approvals, resolutions and documents as to various matters with respect to the issuance of the Bonds as we have deemed necessary. We have further assumed and relied upon the genuineness, accuracy and completeness of all of the documents and other instruments which we have examined. As to questions of fact material to our opinion, we have relied upon the proceedings and other certifications of public officials executed and furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized, issued, executed and sold by the Borough; the Ordinances and the Resolution have been duly authorized and adopted by the Borough; and the Bonds, the Ordinances and the Resolution are legal, valid and binding obligations of the Borough enforceable in accordance with their respective terms.

2. The Borough has covenanted to comply with any continuing requirements that may be necessary to preserve the exclusion from gross income for purposes of federal income taxation of interest on the Bonds under the Code. Failure to comply with certain requirements of the Code could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In our opinion, assuming continuing compliance by the Borough with its covenants, under current law, interest on the Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the

Code for purposes of computing the alternative minimum tax and, pursuant to the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5, adopted by the Congress of the United States of America and signed into law on February 17, 2009, is not included in adjusted current earnings when calculating corporate alternative minimum taxable income.

3. Under current law, interest on the Bonds and any gain on the sale thereof are not includable as gross income under the New Jersey Gross Income Tax Act.

4. The power and obligation of the Borough to pay the Bonds is unlimited, and the Borough shall be required to levy *ad valorem* taxes upon all taxable real property within the Borough for the payment of the principal of and interest on the Bonds without limitation as to rate or amount.

For purposes of this opinion, the enforceability (but not the validity) of the documents mentioned herein may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws now or hereafter enacted by any state or by the federal government affecting the enforcement of creditors' rights generally, and by equitable principles, and the phrase "enforceable in accordance with their respective terms" shall not mean that specific performance would necessarily be available as a remedy in every situation.

Other than as set forth in Paragraphs 2 and 3 hereof, we express no opinion regarding other federal and state tax consequences arising with respect to the Bonds.

The opinions expressed herein are limited to and based upon the laws and judicial decisions of the State of New Jersey and the federal laws and judicial decisions of the United States of America as of the date hereof, and are subject to any amendment, repeal or other modification of the applicable laws or judicial decisions that served as the basis for our opinions or to any laws or judicial decisions hereafter enacted or rendered.

We express no opinion herein as to the adequacy or accuracy of any official statement, private placement memorandum or other offering material pertaining to the offering of the Bonds.

DECOTIIS, FITZPATRICK & COLE, LLP