This is a Preliminary Official Statement "deemed final" within the meaning of, and with the exception of certain information permitted to be omitted by, Rule 15c2-12 of the Securities and Exchange Commission, and the information contained herein is subject to completion or amendment in accordance with applicable law. The Issuer will deliver a final Official Statement in compliance with Rule 15c2-12. This Preliminary Official Statement shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or exemption under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 27, 2026

NEW ISSUE **RATING: Standard & Poor's: "SP-1+"**

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Township, assuming compliance by the Township with its Tax Certificate described herein, under existing law, interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, under existing law, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. In addition, Bond Counsel is further of the opinion that, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not includable in gross income of the holders thereof. See "TAX MATTERS" herein.

$15,000,000 BOND ANTICIPATION NOTES OF THE TOWNSHIP OF LITTLE FALLS COUNTY OF PASSAIC, NEW JERSEY

(Non-Callable)(Not Bank-Qualified)(Book-Entry Only)

Dated: September 17, 2026
Due: September 17, 2027

The $15,000,000 Bond Anticipation Notes (the "Notes") of the Township of Little Falls, in the County of Passaic, New Jersey (the "Township"), shall be issued as fully registered book-entry notes registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), which will maintain a book-entry system for recording ownership interests of DTC Participants. Individual purchases of the beneficial ownership interests in the Notes may be in book-entry form only on the records of DTC and its Participants and only in the principal amount of $1,000 or any integral multiple thereof with a minimum of $5,000 required. Beneficial Owners of the Notes will not receive certificates representing their interests in the Notes. As long as Cede & Co. is the registered owner, as nominee of DTC, references in this Official Statement to the registered owners shall mean Cede & Co., and not the Beneficial Owners of the Notes. See "THE NOTES - Book-Entry Only System" herein.

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

Interest on the Notes will be payable at maturity on September 17, 2027. Principal and interest on the Notes will be paid to DTC by the Township. Interest on the Notes is calculated on the basis of twelve (12) thirty (30) day months in a three hundred sixty (360) day year. The Notes are not subject to redemption prior to maturity.

INTEREST RATE	YIELD
_____%	_____%

The Notes are offered for sale upon the terms of the notice of sale and subject to the final approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. It is anticipated that the Notes in definitive form will be available for delivery to DTC in Brooklyn, New York, on or about September 17, 2026.

PROPOSALS FOR THE NOTES WILL BE RECEIVED
UNTIL 11:00 AM ON WEDNESDAY, SEPTEMBER 9, 2026
BY BOND COUNSEL ON BEHALF OF THE TOWNSHIP,
VIA ELECTRONIC MAIL AT SLR@ROGUTMCCARTHY.COM
OR
VIA THE PARITY ELECTRONIC BID SYSTEM OF I-DEAL LLC
FOR MORE DETAILS REFER TO THE NOTICE OF SALE

TOWNSHIP OF LITTLE FALLS
PASSAIC COUNTY, NEW JERSEY

MAYOR

James Damiano

COUNCIL MEMBERS

Anthony Sgobba
Jayna Patel
Michael Murphy
Christine Hablitz
Christopher Vancheri

TOWNSHIP ADMINISTRATOR

Vincent A. Quatrone

TOWNSHIP CLERK

Cynthia Kraus

CHIEF FINANCIAL OFFICER

Anne Stusnick

TOWNSHIP ATTORNEY

Joseph M. Wenzel, Esq.
Clifton, New Jersey

TOWNSHIP AUDITOR

Wielkotz & Company, LLC
Pompton Lakes, New Jersey

BOND COUNSEL

Rogut McCarthy LLC
Cranford, New Jersey

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

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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OFFICIAL STATEMENT
OF THE TOWNSHIP OF LITTLE FALLS
IN THE COUNTY OF PASSAIC, NEW JERSEY
relating to

$15,000,000 BOND ANTICIPATION NOTES

INTRODUCTION

This Official Statement (the "Official Statement") which includes the cover page and the appendices attached hereto, has been prepared by the Township of Little Falls (the "Township"), in the County of Passaic (the "County"), State of New Jersey (the "State") in connection with the sale and issuance of its $15,000,000 Bond Anticipation Notes (the "Notes"). This Official Statement has been executed by and on behalf of the Township by the Chief Financial Officer and may be distributed in connection with the Notes.

This Preliminary Official Statement is "deemed final", as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), but is subject to (a) completion with certain pricing and other information to be made available by the Underwriter and (b) amendment. This Preliminary Official Statement, as so revised, will constitute the "final official statement" within the meaning of Rule 15c2-12.

THE NOTES

General Description

The Notes shall be dated and shall bear interest from September 17, 2026 and shall mature on September 17, 2027. The Notes shall bear interest at the interest rate set forth on the cover hereof, which interest is payable on September 17, 2027. The Notes will be issued as fully registered notes in book-entry only form and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, without certificates, in denominations of $1,000 or any integral multiple thereof, with a minimum purchase of $5,000 required. Under certain circumstances, such beneficial interests in the Notes are exchangeable for one or more fully registered Note certificates in authorized denominations.

The Note certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its Direct Participants and transfers of the interests among its Direct Participants. The Direct Participants and Indirect Participants will be responsible for maintaining records regarding the beneficial ownership interests in the Notes on behalf of the individual purchasers. Individual purchasers of the Notes will not receive certificates representing their beneficial ownership interests in the Notes, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Notes purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made by the Township or a duly designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to Direct Participants, which will in turn remit such payments to the Beneficial Owners of the Notes.

Book-Entry Only System

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

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

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

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

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the paying agent, if any, 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 Notes at any time by giving reasonable notice to the Township or the paying agent, if any. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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

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

NEITHER THE TOWNSHIP NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS TO OR PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, OR THE INDIRECT PARTICIPANTS, OR BENEFICIAL OWNERS.

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

Prior Redemption

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

SECURITY AND SOURCE OF PAYMENT

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

Enforcement of a claim for the payment of principal of or interest on bonds or notes of the Township is subject to applicable provisions of Federal bankruptcy law and to the provisions of statutes, if any, hereafter enacted by the Congress of the United States or the Legislature of the State of New Jersey, providing extension with respect to the payment of principal of or interest on the Notes or imposing other constraints upon enforcement of such contracts insofar as any such constraints may be constitutionally applied. Under State law, a county, municipality or other political subdivision may file a petition under Federal bankruptcy laws and a plan for readjustment of its debt, but only after first receiving the approval of the State Municipal Finance Commission, whose powers have been vested in the Local Finance Board in the Division of Local Government Services (the “Division”) in the State of New Jersey Department of Community Affairs (the “Local Finance Board”).

AUTHORIZATION AND PURPOSE OF THE NOTES

The Notes are authorized and are to be issued pursuant to the Local Bond Law of the State of New Jersey, N.J.S.A. 40A:2-1 et seq., as amended (the "Local Bond Law") and adopted bond ordinances of the Township.

The bond ordinances included in the sale of the Notes 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 Notes by the Township.

The proceeds of the Notes will be used to currently refund $11,098,871 of the Township's $11,888,000 outstanding bond anticipation notes maturing on September 18, 2026 and adding $3,901,129 of new money.

General Capital

Ordinance No.	Description	Amount
1407	Various Public Improvements	$552,372
1408	2021 Road Improvement Program	540,000
1409	Improvements to Hemlock Road	480,000
1410	Streetscape Imps. At Main Street (Phases IV & VI)	365,471
1411	Installation of a Traffic Signal – Francisco Ave & Cedar Grove Rd	400,000
1412	Various Improvements at Duva Field	419,156
1437	Improvements to Wilmore Park	95,000
1438	2022 Road Improvement Program	425,000
1439	Various Public Improvements	501,312
1440	Upgrades to the 911 Communication System	722,500
1441	Streetscape Imps. At Main Street (Phase III)	532,421
1459	Various Public Improvements	327,186
1460	2023 Road Improvement Program	234,918
1461	Construction of Municipal Parking Lot	450,000
1462	Various Imps. To Wilmore Park	950,000
1463	Acquisition of Pumper Fire Engine	840,000
1465	Construction of EMS Building	300,000
1471	Streetscape Imps at Main St. (Maple St. to Van Ness Ave.)	723,684
1472	Streetscape Imps at Stevens Ave (Main St. to Walnut Sts.)	280,000
1473	Streetscape Imps at Union Ave (Main St. to Walnut Sts.)	222,109
1478	Construction of Municipal Parking Lot	304,000
1483	Construction of a Footbridge from Morris Canal Park to the Passaic River	50,000
1484	Various Improvements to the Civic Center	50,000
1485	Vehicle Enclosure for the Office of Emergency Management	80,000
1486	Bank Stabilization at Various Locations along the Peckman River	50,000
1487	Sanitary Sewer Improvements	142,000
1488	Machinery, Equipment and Automotive Vehicles	50,000
1489	Renovations to the Snack Bar and Restrooms at Duva Field	285,000

1490	2024 Road Improvements Program	475,000
1491	Various Public Improvements	697,500
1528	Various Public Improvements	537,000
1549	Various Public Improvements	2,918,371
		$15,000,000

NO DEFAULT

No principal or interest payments on Township indebtedness are past due. The Township has never defaulted in the payment of any bonds or notes.

MARKET PROTECTION – BOND AND NOTE FINANCING

The Township does not contemplate issuing any bonds or tax anticipation notes during the balance of 2026. The Township may issue additional bond anticipation notes during 2026, as needed.

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 general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Township 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. The Chief Financial Officer of every local unit must file annually, with the Director of the Division (the "Director"), a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of the Township's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director within eight 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.

Debt Limits

The net authorized bonded indebtedness of the Township is limited by statute, subject to the exceptions noted below, to an amount equal to 3.50% of its average equalized valuation basis. The equalized valuation basis of the Township is set by statute as the average for the last 3 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.

The Township has not exceeded its statutory debt limit. On December 31, 2025, the statutory net debt as a percentage of average equalized valuation was 1.430%. As noted above, the statutory limit is 3.50%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	$1,437,000	$1,437,000	$ -
General Debt	35,486,282	415,082	35,071,200
	$36,923,282	$1,852,082	$35,071,200

Exceptions to Debt Limits - Extensions of Credit

The Township may exceed its debt limit with the approval of the Local Finance Board. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or make certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

Short-Term Financing

The Township may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance, as may be amended and supplemented, creating such capital expenditure. Bond anticipation notes may be issued for periods not greater than one year. Such notes shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. At the third and at each subsequent anniversary date from the original date of issuance, the amount of notes that may be issued must be decreased by the minimum amount required for the first year's principal payment for a bond issue.

School Debt (N.J.S.A. 18A:24-1 et seq.)

New Jersey's school districts operate under the same comprehensive review and regulation as do its municipalities. Certain exceptions and differences are provided, but the state supervision of school finance closely parallels that of local governments.

School district bonds and temporary notes are issued in conformity with the cited statute, which closely parallels the Local Bond Law. Although school districts are exempted from the 5% down payment provision applicable to municipalities, they are subject to debt limits (which vary depending on the grades the school system provides), and to state regulation of their borrowing.

The Local Finance Board and the Commissioner of Education must approve any proposed authorization of debt which exceeds the statutory debt limit of a Type II district. A Type II school district has an elected board of education; a Type I school district has an appointed board and issues debt without a referendum. All authorizations of debt in a Type II school district require an approving referendum of the voters in the school district. The Township's school district is a Type II district.

All authorizations of debt must be reported to the Division of Local Government Services by means of a Supplemental Debt Statement prior to final approval to ensure that the proposed authorization is within all applicable debt limitations.

The School Bond Reserve Act, Chapter 72 of the Laws of 1980 of the State, as amended, devotes a portion of the Fund for the Support of Free Public Schools as security for payment of school bonds.

The Municipal Finance Commission (N.J.S. 52:27-1 et seq.)

The Municipal Finance Commission was created in 1931 to assist in the financial rehabilitation of municipalities which had defaulted in their obligations. The powers of such Commission are exercised today by the Local Finance Board. Several elements of the local finance system are intended to prevent default on obligations or occurrence of severe fiscal difficulties in any local unit. Should extreme economic conditions adversely affect any local unit, the statutory provisions are available to assist in restoring the stability of the local unit.

Any holder of bonds or notes which are in default for over sixty (60) days (for payment of principal or interest) may bring action against such municipality in the Superior Court of New Jersey. Any municipality may declare itself unable to meet its obligations and bring action in such court. In either case, the court's determination that the municipality is in default or unable to meet its obligations may place the municipality under the jurisdiction of the Municipal Finance Commission.

The Municipal Finance Commission exercises direct supervision over the finances and accounts of any local unit under its jurisdiction. Such commission is authorized to appoint an auditor to examine and approve all claims against the municipality and to serve as comptroller for that community. The Commission is also directed to supervise tax collections and assessments, to approve the funding of municipal school district indebtedness, the adjustment or composition of the claims of creditors, and the readjustment of debts under the Federal Municipal Bankruptcy Act.

The Local Finance Board also serves as the "funding commission" to exercise supervision over the funding or refunding of local government debt. Any county or municipality seeking to adjust its debt service must apply to and receive the approval of such funding commission for the proposed reorganization of its debt.

Investment of Municipal Funds

Investment of funds by New Jersey municipalities is governed by State statute. Pursuant to N.J.S.A. 40A:5-15.1, municipalities are limited to purchasing the following securities: (1) direct obligations of, or obligations guaranteed by, the United States of America ("U.S. Government Securities"); (2) government money market mutual funds invested in U.S. Government Securities or obligations of New Jersey school districts, municipalities, counties and entities subject to State regulation ("local obligations"); (3) obligations of Federal Government agencies or instrumentalities having a maturity of 397 days or less, provided such obligations bear a fixed rate of interest not dependent on any index or external factor; (4) bonds or other obligations of the particular municipality or a school district encompassing the geographic area of the particular municipality; (5) bonds or other obligations having a maturity of 397 days or less (a) constituting local obligations or (b) approved by the Division of Local Government Services of the State Department of Community Affairs; (6) local government investment pools, rated in the highest rating category, investing in U.S. government securities, local obligations and repurchase agreements fully collateralized by securities set forth in (1), (3) and (5) above; (7) deposits with the New Jersey Cash Management Fund (created pursuant to N.J.S.A. 52:18A-90.4; the "Cash Management Fund"); and (8) repurchase agreements with a maximum 30 day maturity fully collateralized by securities set forth in (1) and (3) above or local obligations. Municipalities are required to deposit their funds in interest-bearing bank accounts in banks satisfying certain security requirements set forth in N.J.S.A. 17:9-41 et seq., or invest in permitted investments to the extent practicable, and may invest in bank certificates of deposit.

The Cash Management Fund is governed by regulations of the State Investment Council, a non-partisan oversight body, and is not permitted to invest in derivatives. The Cash Management Fund is permitted to invest in U.S. Government Securities, Federal Government Agency obligations, certain short-term investment-grade corporate obligations, commercial paper rated “prime”, certificates of deposit, repurchase agreements involving U.S. Government Securities and Federal Government Agency obligations and certain other types of instruments. The average maturity of the securities in the Cash Management Fund must be one year or less, and only a quarter of the securities are permitted to mature in as much as two years.

The Township has no investments in derivatives.

MUNICIPAL BUDGET

Pursuant to the Local Budget Law (N.J.S.A. 40A:4-1 et seq.) the Township 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. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Items of revenue and appropriation are regulated by law and must be certified by the Director of the Division 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. Tax anticipation notes are limited in amount by law and must be paid in full within 120 days of the close of the fiscal year. The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

Limitations on Municipal Appropriations and Tax Levy

A statute passed in 1976, as amended and supplemented (N.J.S.A. 40A:4-45.1 et seq.), commonly known as the "Cap Law", imposed limitations on increases in municipal appropriations subject to various exceptions. While the Cap Law restricts the ability of a municipality to increase its overall appropriations, 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 Cost-of-Living Adjustment ("COLA"). Increases up to 3.5% are allowed by adoption of an ordinance whenever the COLA is less than 2.5%. If the COLA is greater than 2.5%, an increase in any amount above 2.5% will be permitted by adoption of an ordinance to 3.5% and beyond 3.5% upon passage of a referendum. The COLA is the rate of annual percentage increase 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 items 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. The Cap Law does not limit the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service.

Chapter 62 of the Pamphlet Laws of 2007 imposed restrictions upon the allowable annual increase in the tax levy. In general, starting with the 2008 budgets for calendar year municipalities and 2009 budgets for fiscal year municipalities, municipalities have their tax levies limited to a four percent (4%) increase. The cap calculation is subject to various adjustments, such as the value of increased assessments, and allows for an increase in the adjusted tax levy for various items, including amounts required to be added to the adjusted tax levy for increases in debt service, amounts required to replace reductions in State formula aid, certain increased pension contributions, increases greater than four percent (4%) in the reserve for uncollected taxes, and increases in health care costs in excess of four percent (4%) (but not in excess of the percentage increase in the State Health Benefits Program). The law also allows the Local Finance Board to grant waivers for extraordinary circumstances (some of which are defined in the Law) and authorizes a municipality to submit a public question to the voters for approval (by an affirmative vote of at least sixty percent (60%)) to increase the amount to be raised by taxation by more than the allowable adjusted tax levy.

For municipalities, the levy cap is in addition to the existing appropriation cap; both cap laws must be met. Neither cap law limits the obligation of the Township to levy *ad valorem* taxes upon all taxable real property within the Township to pay debt service.

On July 13, 2010, P.L. 2010, c. 44 was approved, effective for budget years following enactment (the 2011 budget for the Township) 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. Chapter 44 eliminated the process for obtaining waivers for additional spending under the tax levy limitation.

The Township's appropriation and tax levy increase for 2011 through 2026, inclusive, were within the limits allowed under the CAP Law, taking into account applicable adjustments and without conducting a referendum to exceed the cap limits. To date, the Township's budget for 2026 was adopted on June 22, 2026.

Miscellaneous Revenues

The Local Budget Law (N.J.S.A. 40A:4-26) provides that: "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.

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

Real Estate Taxes

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. N.J.S.A. 40A:4-29 governs anticipation of delinquent tax collections: "The maximum which may be anticipated is the sum produced by 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."

N.J.S.A. 40A:4-41 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 the preceding fiscal year."

This provision and N.J.S.A. 40A:4-40 require 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:

$$\frac{\text{Levy required to balance budget}}{\text{Prior Year's Percentage of Current Tax Collection (or lesser \%)}} = \text{Total Taxes to be Levied}$$

Chapter 28 of the Pamphlet Laws of 1997 of New Jersey amended Section 41 of the Local Budget Law to allow municipalities to reduce the reserve for uncollected taxes by taking into account prior year tax reductions resulting from tax appeal judgments awarded to property owners. Another statute, Chapter 99 of the Pamphlet Laws of 1997 of New Jersey, allows a municipality to (1) reduce the reserve for uncollected tax by deducting receipts anticipated during the fiscal year from the sale of unpaid taxes or municipal liens when such sale is concluded in the final month of the fiscal year or (2) not budget for the reserve for uncollected taxes if it sells its total property tax levy pursuant to such statute. See "ASSESSMENT AND COLLECTION OF TAXES - Tax Collection Procedure" herein for a brief discussion of Chapter 99.

Deferral of Current Expenses

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

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

Budget Transfers

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may be transferred during the first three (3) months of the year to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body, however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to approval by the governing body.

Operation of Utilities

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities in addition to the general taxing power upon real property.

For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities.

Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

Fiscal Year

The Township's fiscal year is the calendar year. Chapter 75 of the Pamphlet Laws of 1991 of the State (codified as N.J.S.A. 40A:4-3.1) required municipalities with populations in excess of 35,000 or that 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 was granted. Municipalities not meeting the criteria for a mandatory change had the option to choose to change to the State fiscal year. N.J.S.A. 40A:4-3.1 was amended by P.L. 2000, c. 126, to eliminate the criteria for mandatory change of the fiscal year, but to continue to grant all municipalities the option to change to the State fiscal year. In addition, P.L. 2008, c. 92, further amended N.J.S.A. 40A:4-3.1 to allow municipalities operating on a fiscal year basis to revert to a calendar year. The Township 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 Township's budget process lies with the Mayor and 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 Township operates under a temporary budget which may not exceed 35% of the previous fiscal year's adopted budget. In addition to the temporary budget, the Township may approve emergency temporary appropriations for any purpose for which appropriations may lawfully be made.

Capital Budget

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

ASSESSMENT AND COLLECTION OF TAXES

Tax Collection Procedure

Real property taxes are assessed locally, based upon an assessment at true value. The tax bill includes a levy for Township, 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, and an additional penalty of 6% on delinquent taxes in excess of $10,000. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, is 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 Township. Annually, all properties with unpaid taxes for the previous year are placed in a tax sale in accordance with the New Jersey Statutes. Annual interim tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township.

Chapter 99 of the Pamphlet Laws of 1997 of New Jersey allows a municipality to sell its total property tax levy to the highest bidder either by public sale with sealed bids or by public auction. The purchaser shall pay the total property tax levy bid amount in quarterly installments or in one annual installment. Property taxes will continue to be collected by the municipal tax collector and the purchaser will receive as a credit against his payment obligation, the amount of taxes paid to the tax collector. The purchaser is required to secure his payment obligation to the municipality by an irrevocable letter of credit or a surety bond. The purchaser is entitled to receive delinquent taxes and other municipal charges collected by the tax collector. The statute sets forth bidding procedures and minimum bidding terms and requires the review and approval of the sale by the Division of Local Government Services.

Tax Appeals

New Jersey statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the Passaic County Tax Board on or before the first day of April of the current tax year for review. The Passaic County Tax Board has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the Passaic County Tax Board, 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. In addition, pursuant to Assembly Bill No. 2004, signed into law on August 9, 2019, commercial tax appeal refunds exceeding $100,000 may be paid to the property owner, with interest, in substantially equal payments within a three year period - rather than within sixty days of the final judgment (the standard period for refunds). Further, pursuant to Assembly Bill No. 862, signed into law on January 18, 2022, residential tax appeal refunds, or commercial tax appeal refunds exceeding $100,000, may be paid to the property owner, with interest, as a credit against the balance of property taxes that become due within a three-year period, with any excess after three years being paid immediately.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Notes and other amounts and rebate of certain arbitrage earnings to the United States. Noncompliance by the Township with such requirements may cause interest on the Notes to be included in gross income of the owners thereof retroactive to the date of issuance of the Notes, regardless of when such noncompliance occurs.

The Township has covenanted, to the extent permitted by the Constitution and the laws of the State, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Notes be and remain excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. The Township's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes, will contain provisions and procedures regarding compliance with the requirements of the Code. The Township, in executing the Tax Certificate, will certify to the effect that the Township expects and intends to comply with the provisions and procedures contained therein.

In rendering the opinion described below with respect to the Notes, Bond Counsel has relied upon the covenant and has assumed the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate.

Tax Opinions

In the opinion of Rogut McCarthy LLC, Bond Counsel to the Township, assuming compliance by the Township with the Tax Certificate, under existing law, interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Notes is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. For other Federal tax information, see "Tax Matters - Additional Federal Income Tax Consequences" herein.

In the opinion of Bond Counsel, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Notes and any gain from the sale of the Notes are not includable in gross income of the holders thereof.

Additional Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of governmental obligations, such as the Notes, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from the ownership of the Notes. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

Proposals for Tax Changes

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Notes or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes. Further, such proposals may impact the marketability or market value of the Notes simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes would be impacted thereby.

Purchasers of the Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

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

STATEMENT OF LITIGATION

To the knowledge of the Township Attorney, there is no litigation of any nature now pending or threatened that seeks to restrain or enjoin the issuance or the delivery of the Notes, the levy or the collection of any taxes to pay the principal of or the interest on the Notes or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of the taxes, affecting the validity of the Notes or the levy or the collection of taxes or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers of the Township to their respective offices.

Additionally, there is at present no single action pending or threatened against the Township which would impose an undue financial burden on the Township. In New Jersey's courts of general jurisdiction, unliquidated money damages are pleaded generally without specifying a dollar amount. The Township is a party-defendant in certain lawsuits, none of a kind unusual for a municipality of its size, and none of which, in the opinion of the Township Attorney, would adversely impair the Township's ability to pay its noteholders. All of the Township's tort actions are being defended by either an insurance company or insurance underwriters. Pending municipal real estate tax appeals are limited in number and based upon the Township's prior experience in tax appeals, and assuming that such tax appeals are resolved adversely to the interest of the Township, such resolution would not in any way endanger the Township's ability to pay its noteholders.

LEGALITY FOR INVESTMENT

The State and all public officers, municipalities, counties, political subdivisions and public bodies, and agencies thereof, all banks, bankers, trust companies, savings and loan associations, savings banks and institutions, building and loan associations, investment companies, and other persons carrying on banking business, all insurance companies, and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys or other funds belonging to them or within their control in any obligations of the Township, including the Notes, and such Notes are authorized security for any and all public deposits.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned a rating of "SP-1+" to the Notes.

The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency at the following address: ___________________________. The Township forwarded to the Rating Agency certain information and materials concerning the Notes and the Township. There can be no assurance that such rating will be maintained for any given period of time or that such rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in, or withdrawal of, such rating may have an adverse effect on the marketability or market price of the Notes.

UNDERWRITING

The Notes have been purchased at a public sale from the Township for resale by _______________ (the "Underwriter").

The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the Notes. If all the Notes are sold at the public offering price or at the yield set forth on the cover page of this Official Statement, the Underwriter anticipates total selling compensation of $______*. The public offering price or yield on the Notes may be changed from time to time by the Underwriter without notice. The Notes may be offered and sold to dealers, including the Underwriter and dealers acquiring the Notes for their own account or any account managed by them, at prices lower than the public offering price.

* Information obtained from the Underwriter.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the Township shall furnish a certificate of the Township Attorney, dated the date of delivery of the Notes, to the effect that there is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. In addition, such certificate shall state that there is no litigation of any nature now pending or threatened by or against the Township wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Township, or adversely affect the power of the Township to enforce the collection of taxes or other revenues for the payment of its bonds and notes, which has not been disclosed in this Official Statement.

Legal Matters

The legality of the Notes will be subject to the approving opinion of Rogut McCarthy LLC, Cranford, New Jersey, Bond Counsel. Such opinion will be to the effect that:

1. The Notes have been duly authorized, executed and delivered and constitute valid and legally binding obligations of the Township, enforceable in accordance with their terms, except as enforcement of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. The Township has pledged its full faith and credit for the payment of the principal of and interest on the Notes, and unless paid from other sources, the Township is authorized and required by law to levy on all real property taxable by the Township such *ad valorem* taxes as may be necessary to pay the Notes and the interest thereon, without limitation as to rate or amount.

Rogut McCarthy LLC has not verified the accuracy, completeness or fairness of the statements contained in this Official Statement and will not express, and has not been requested to express, an opinion as to the accuracy, completeness or fairness of such statements. See "Appendix C – Proposed Form of Bond Counsel Opinion" herein.

Certificates of Township Officials

The original purchasers of the Notes shall also receive a certificate, dated as of the date of delivery of the Notes and signed by the Chief Financial Officer that (a) as of the date of the Official Statement furnished by the Township in relation to the Notes, said Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, subject to the condition that while information in said Official Statement obtained from sources other than the Township is not guaranteed as to accuracy, completeness or fairness, such officer has no reason to believe and does not believe that such information is materially inaccurate or misleading, and (b) to the knowledge of such officer, since the date of said Official Statement and since the date of the sale of the Notes, there have been no material transactions not in the ordinary course of affairs entered into by the Township and no material adverse change in the general affairs of the Township or in its financial condition as shown in said Official Statement, other than as disclosed in or contemplated by said Official Statement, provided such certificate shall not include consideration of information supplied by, or that should have been supplied by, the successful bidders for the Notes. In addition, the original purchasers of the Notes shall also receive certificates in form satisfactory to Rogut McCarthy LLC, Bond Counsel, evidencing the proper execution and delivery of the Notes and receipt of payment therefor and a certificate, dated as of the date of delivery of the Notes and signed by the officers who signed the Notes, stating that no litigation is then pending or, to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Notes or the levy or collection of taxes to pay the Notes or the interest thereon, or questioning the validity of the statutes or the proceedings under which the Notes are issued, and that neither the corporate existence or boundaries of the Township, nor the title of the said officers to their respective offices, is being contested.

INFECTIOUS DISEASE OUTBREAK – COVID-19

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the "Plan"). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the Township have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the Township. The Township cannot quantify any such impacts at this time.

The Plan, signed into law on March 11, 2021, provided $1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID- 19 pandemic. For municipalities with populations less than 50,000, such as the Township, the relief funds were distributed by the State. The relief funds were received from the State in two equal payments, one within 30 days of receipt of the funding by the State and the balance no earlier than 12 months from the initial payment. The deadline to obligate the funds was December 31, 2024, and to spend them is December 31, 2026. The Township received the full amount of its relief funds in the amount of $1,514,972.66. The Township utilized all of those funds to replace lost public sector revenues.

SECONDARY MARKET DISCLOSURE

The Township has a limited secondary market disclosure obligation pursuant to Rule 15c2-12(d)(3) because the Notes have a stated maturity of 18 months or less. In accordance with such exemption from full secondary market disclosure, the Township will agree, pursuant to a continuing disclosure certificate to be executed on the date of issuance of the Notes, to undertake for the benefit of the Noteholders and the beneficial owners of the Notes to provide certain secondary market disclosure information pursuant to Rule 15c2-12 to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format, as prescribed by the MSRB. Specifically, the Township will do the following for the benefit of the holders of the Notes and the beneficial owners thereof:

Provide or cause to be provided in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Notes or financial obligations of the Township:

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

(7) Modifications to the rights of Noteholders, if material;
(8) Note calls, if material, and tender offers;
(9) Defeasances;
(10) Release, substitution or sale of property which secures the repayment of the Notes, if material;
(11) Rating changes;
(12) Bankruptcy, insolvency, receivership or similar event of the Township (the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Township in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Township, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Township);
(13) The consummation of a merger, consolidation, or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
(15) Incurrence of a financial obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Township, any of which affect Noteholders, if material; and
(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Township, any of which reflect financial difficulties.

The Township intends the words used in paragraphs (15) and (16) and the definition of "financial obligation" to have the meanings ascribed to them in SEC Release No. 34-83885 (August 20, 2018).

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

If the Township fails to comply with the above-described undertaking, any Noteholder or beneficial owner of the Notes may pursue an action for specific performance to enforce the rights of all Noteholders and beneficial owners with respect to such undertaking; *provided*, *however*, that failure to comply with such undertaking shall not be an event of default and shall not result in any acceleration of payment of the Notes or any liability by the Township for monetary damages. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Noteholders and beneficial owners of the Notes.

The Township reserves the right to terminate its obligation to provide notice of material events, as set forth above, if and when the Township no longer remains an "obligated person" with respect to the Notes within the meaning of Rule 15c2-12.

The undertaking may be amended by the Township from time to time, without the consent of the Noteholders or the beneficial owners of the Notes, in order to make modifications required in connection with a change in legal requirements, a change in law or a change in identity, nature, type of operation or status of the Township, which in the opinion of nationally recognized bond counsel complies with Rule 15c2-12 and does not, in such bond counsel's opinion, materially impair the interests of the Noteholders and the beneficial owners of the Notes.

The Township previously failed to file, in accordance with Rule 15c2-12, in a timely manner, under previous filing requirements its (i) annual audited financial statement for the fiscal year ending December 31, 2021, and (ii) annual operating data for the fiscal year ending December 31, 2021. Additionally, the Township acknowledges that it previously failed to file, in a timely manner, a late filing notice in connection with its late filing of such annual financial information. Such financial information and notice of late filing have been filed with the MSRB's Electronic Municipal Market Access Dataport ("EMMA") as of the date of this Official Statement. The Township has appointed NW Financial Group, LLC, Bloomfield, New Jersey, to serve as continuing disclosure agent/dissemination agent to assist in the filing of certain information with EMMA as required under its obligations.

FINANCIAL STATEMENTS

The financial statements of the Township for the years ended December 31, 2025 and 2024 are presented in Appendix B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Wielkotz & Company, LLC, Pompton Lakes, New Jersey, an independent auditor (the "Auditor"), as stated in its report appearing in Appendix B to this Official Statement. See "Appendix B – Independent Auditor's Report and Financial Statements".

PREPARATION OF OFFICIAL STATEMENT

The Auditor takes responsibility for the financial statements to the extent specified in the Independent Auditor's Report.

The Auditor assisted in the preparation of information contained in this Official Statement and information has been obtained from sources which the Auditor considers to be reliable but they make no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

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

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including requests for information additional to that contained herein, may be directed to the Township of Little Falls, 225 Main Street, Little Falls, New Jersey, 07424, Anne Stusnick, Chief Financial Officer, (973) 256-0170, ext. 8081.

MISCELLANEOUS

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

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

TOWNSHIP OF LITTLE FALLS, IN THE COUNTY OF PASSAIC, NEW JERSEY

By: /s/__________________________
Anne Stusnick
Chief Financial Officer

Dated:

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APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP OF LITTLE FALLS, IN THE COUNTY OF PASSAIC, NEW JERSEY

APPENDIX A

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GENERAL INFORMATION

Size and Geographical Location

The Township is located in Passaic County and adjoins a portion of Essex County. The Township is bordered by the City of Clifton, Borough of Woodland Park, the Borough of Totowa, the Township of Wayne, the Borough of North Caldwell, the Township of Cedar Grove and the Township of Montclair.

The land area of the Township is 2.8 square miles. The estimated density of population per square mile is 4,033. The community consists mainly of one and two family residential homes with a minimal amount of industrial and commercial development.

Form of Government

The Township was incorporated by Chapter 34 of the Laws of 1868. The Township operated under the township form of government until 2005 when it changed its form of government to the Mayor-Council Plan of the Optional Municipal Charter Law (N.J.S.A. 40:69A-1 et seq.). Under this form of government, there is a Township Council consisting of five council persons, each of whom is elected by the voters for a term of four years. The Mayor is elected by the voters for a term of four years.

Basic provisions of the Mayor-Council Plan are (1) the legislative power is vested in the Council; (2) the Mayor exercises the executive power by: being responsible for enforcing the charter, ordinances and general laws; supervising all departments; reporting annually to the Council and the public on the state of the municipality and making recommendations for new actions or programs; preparing, with the assistance of the business administrator, the annual budget for submission to the Council for consideration and adoption; and negotiating all municipal contracts, subject to Council approval; (3) ordinances adopted by the Council are subject to approval or veto by the Mayor (a two-thirds vote of the Council overrides a veto); (4) the Mayor may attend Council meetings and may take part in discussions, but has no vote except to break a tie in the vote to fill a Council vacancy; and (5) a business administrator (the head of the administration department), under the direction and supervision of the Mayor, exercises important management powers.

Transportation

The Township is located approximately 18 miles from New York City. New Jersey Transit provides bus service to New York City, the City of Newark and the City of Paterson. Rail services are provided on the Boonton Line which connects to New York City via the PATH Line. State Highways Route 23 and Route 46 pass through the Township.

Public Safety

The Township is served by a volunteer fire department with approximately 75 members. The department is equipped with modern fire apparatus which is purchased and owned by the Township. There are 10 pieces of equipment including 6 pumpers, a ladder truck, a rescue truck, the Chief's vehicle and a fire prevention vehicle. The Township makes an annual appropriation in its budget for the operating expenses of the fire department.

The police department is a full-time police department consisting of 37 police officers and 3 detectives. Police headquarters is located in the municipal building and the police department is furnished with modern police equipment. The vehicle fleet is comprised of marked and unmarked automobiles and the Police Chief's vehicle.

Health and Sanitation

All matters concerning health are within the jurisdiction of the Board of Health, the members of which are the members of the Township Council, a local physician and the Township Clerk. The Board operates as an independent body with legislative powers in local public health matters and is served by an appointed health officer and nurse.

Garbage is collected twice weekly by the municipality.

Utilities

Gas and electric are supplied by the Public Service Electric and Gas Company. The Township utilizes the facilities of the Passaic Valley Sewerage Commission for the treatment of sewage. The water supply system is operated by the New Jersey American Water Company.

Recreation

The recreation commission operates a full recreation program for all age groups, offering adult and youth sports, year round trips, summer day camps and tennis at the Community Center.

Education

The local K-8 school district is an independent school district and is governed by the New Jersey statutes relating to Type II school districts. It is governed by an elected seven-member Board of Education, the members of which serve for three-year terms. In addition, the Township of Little Falls is a member of the Passaic County Regional High School District No. 1, which consists of the Township of Little Falls, the Borough of Woodland Park and the Borough of Totowa. The school facilities for the Regional High School are located in the Township.

Population

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

Area	1980	1990	2000	2010	2020
Township of Little Falls	11,496	11,294	11,793	14,432	13,360
County of Passaic	447,585	453,060	489,049	501,226	524,118
State of New Jersey	7,365,011	7,730,188	8,414,350	8,791,894	9,288,994

Source: U.S. Census Bureau.

Income as of 2025

	Median Household Income	Median Family Income	Per Capita Income
Township of Little Falls	$123,207	$149,118	$56,719
County of Passaic	87,522	137,100	40,703
State of New Jersey	103,556	127,025	54,253

Source: Artificial Intelligences

BUDGET INFORMATION
Current Fund
(As Adopted)

	2026	2025	2024	2023	2022
Anticipated Revenues:					
Fund Balance	$980,000	$1,140,000	$2,800,000	$2,278,000	$1,970,000
Miscellaneous Revenues	6,996,761	6,797,243	5,750,011	5,494,969	4,463,806
Receipts from Delinquent Taxes	600,000	460,000	780,000	400,000	480,000
Amount to be Raised by Taxes for Support of Municipal Budget	19,908,015	17,616,159	15,017,809	15,055,765	14,632,687
	$28,484,776	$26,013,402	$24,347,820	$23,228,734	$21,546,493
Appropriations:					
Salaries and Wages	$9,897,912	$9,768,170	$9,069,403	$8,459,980	$8,072,293
Other expenses	11,577,867	10,014,036	8,884,673	8,517,919	7,747,877
Deferred Charges and Statutory Expenditures	2,856,875	2,777,476	2,687,620	2,701,272	2,433,373
Capital Improvement Fund	198,075	85,000	185,000	385,000	350,000
Municipal Debt Service	2,969,047	2,712,020	2,721,124	2,564,563	2,442,950
Reserve for Uncollected Taxes	985,000	656,700	800,000	600,000	500,000
	$28,484,776	$26,013,402	$24,347,820	$23,228,734	$21,546,493

Source: Township of Little Falls Adopted Budgets.

FINANCIAL INFORMATION

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

Year	Fund Balance December 31	Utilized in Succeeding Year's Budget Amount
2025	$1,280,277	$980,000
2024	1,804,375	1,140,000
2023	4,128,858	2,800,000
2022	3,770,067	2,278,000
2021	3,645,610	1,970,000

Source: Township of Little Falls Annual Audit Reports.

Current Tax Collections

Year	Tax Levy	Current Tax Levy Collected Amount	Percent
2025	$54,142,725	$53,101,511	98.08%
2024	51,381,591	50,761,458	98.79%
2023	51,269,193	50,266,406	98.04%
2022	50,788,868	50,050,553	98.55%
2021	49,504,642	49,022,208	99.03%

Source: Township of Little Falls Annual Audit Reports.

Delinquent Taxes and Tax Title Liens

Dec. 31,	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2025	131,389	1,032,281	1,163,670	2.15%
2024	120,779	986,128	1,106,907	2.15%
2023	110,666	905,868	1,016,534	1.98%
2022	100,706	964,621	1,065,327	2.10%
2021	90,733	786,458	877,191	1.77%

Source: Township of Little Falls Annual Audit Reports.

Assessed Valuation of Property Owned by the Township Acquired for Taxes

Year	Balance December 31
2025	$825,100
2024	825,100
2023	825,100
2022	825,100
2021	825,100

Source: Township of Little Falls Annual Audit Reports.

Ten Largest Taxpayers

The ten largest taxpayers in the Township and their 2026 assessed valuations are listed below:

Taxpayer	Assessment
Inwood Owners, Inc.	$61,650,000
Theta Holdings Co. LP	38,615,000
PAR 3 PAR 5, LLC	14,601,900
Park Falls Association C/O Kriegman	13,000,000
Great Notch Village Associates LP	9,771,900
Saturn Realty of LF C/O R Maroon Jr.	9,656,300
SL 101 East Main St. LLC	8,500,000
Sisco, R & Geyh, WM (Trustees)	8,433,500
Manor at Little Falls LLC	8,217,400
KV Realty LLC	7,061,400
Total	$179,507,400

Source: Tax Assessor.

Assessed Valuation
Land and Improvements by Class

Classification	2026	2025	2024	2023	2022
Residential	$1,124,157,100	$1,120,953,100	$1,119,730,100	$1,117,262,000	$1,113,611,700
Commercial	223,614,300	227,580,500	231,414,600	232,968,300	234,051,400
Industrial	40,510,500	40,510,500	40,510,500	40,510,500	40,510,500
Apartment	127,806,600	119,056,600	110,839,200	110,839,200	105,985,600
Vacant Land	22,132,100	31,403,400	32,301,900	41,365,600	44,145,500
Subtotal	1,538,220,600	1,539,504,100	1,534,796,300	1,542,945,600	1,538,304,700
Public Utilities	4,609,700	4,609,700	4,609,700	4,609,700	4,609,700
Total	$1,542,830,300	$1,544,113,800	$1,539,406,000	$1,547,555,300	$1,542,914,400

Source: Tax Duplicate.

Assessed Valuations - Net Valuations Taxable

	2026	2025	2024	2023	2022
Real Property Net of Exemptions	$1,538,220,600	$1,539,504,100	$1,534,796,300	$1,542,945,600	$1,538,304,700
Business Personal Property	4,609,700	4,609,700	4,609,700	4,609,700	4,609,700
Net Valuation Taxable	$1,542,830,300	$1,544,113,800	$1,539,406,000	$1,547,555,300	$1,542,914,400
Ratio of Assessed Value to True Value of Real Property	N/A	62.24%	70.66%	78.90%	86.09%
Total True Value of Assessed Property	N/A	$2,487,384,801	$2,185,132,521	$1,967,903,162	$1,799,127,024

Source: Tax Duplicate and Abstract of Ratables of Passaic County.
N/A - Not Available

Comparative Schedule of Tax Rate Information

	2025	2024	2023	2022	2021
Tax Rate	$3.496	$3.332	$3.282	$3.286	$3.212
Apportionment of Tax Rate:					
Municipal (Including Library)	1.141	0.975	0.973	0.948	0.930
Municipal Open Space	0.005	0.006	0.005	0.004	0.004
County	0.774	0.720	0.709	0.734	0.744
Local School	1.097	1.110	1.061	1.017	1.017
Regional High School	0.479	0.521	0.534	0.583	0.517

Apportionment of Tax Levy
(Including School and County Purposes)

Year	Municipal(1)	Municipal Open Space	Local School	Regional High School	County	Total
2025	$17,616,159	$77,206	$16,942,192	$7,394,903	$11,947,425	$53,977,885
2024	15,017,809	76,919	17,092,092	8,012,550	11,084,809	51,284,179
2023	15,055,765	77,044	16,423,952	8,269,642	10,961,936	50,788,339
2022	14,632,687	77,145	15,688,675	8,980,751	11,308,953	50,688,211
2021	14,294,482	76,774	15,600,865	7,931,824	11,409,308	49,313,253

Source: Tax Collector
(1) Includes Library

DEBT INFORMATION

Debt Statements

The Township 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 Township as of the previous December 31. Through the Annual and Supplemental Debt Statements, the Division monitors all local borrowing.

Debt Incurring Capacity
As of December 31, 2025

Municipal:	
Equalized Valuation Basis (last 3 years average)	$2,452,362,139
3-1/2% Borrowing Margin	85,832,675
Net Debt Issued, Outstanding and Authorized	35,071,200
Remaining Municipal Borrowing Capacity	$50,761,475
Net Debt to Statutory Equalized Valuation	1.430%
Regional School:	
3% Borrowing Margin	73,570,864
Net Debt Issued, Outstanding and Authorized	
Remaining Municipal Borrowing Capacity	73,570,864
Local School	
3% Borrowing Margin	$73,570,864
Debt Issued, Outstanding and Authorized	1,437,000
Remaining School Borrowing Capacity	$72,133,864

Gross and Statutory Net Debt
As of December 31,

Year	Gross Debt Amount	Statutory Net Debt Amount	Statutory Net Debt Percentage
2025	$36,923,282	$35,071,200	1.430%
2024	38,075,306	36,183,224	1.645
2023	37,832,437	35,754,473	1.793
2022	34,626,013	32,122,633	1.777
2021	34,287,242	31,376,633	1.834

Source: Township of Little Falls Audit Report.

TOWNSHIP OF LITTLE FALLS
Statement of Indebtedness and Debt Ratios
As of December 31, 2025

GENERAL PURPOSES		
Bonds Issued and Outstanding	$18,180,000	
Notes Issued and Outstanding	11,888,000	
Bonds and Notes Authorized But Not Issued	5,418,282	
		$35,486,282
REGIONAL SCHOOL		
Debt Issued and Outstanding		-0-
LOCAL SCHOOL		
Bonds Issued and Outstanding		1,437,000
TOTAL GROSS DEBT		$36,923,282
STATUTORY DEDUCTIONS:		
Municipal Purposes	$415,082	
Regional School	-0-	
Local School	1,437,000	
		1,852,082
TOTAL NET DEBT		$35,071,200
OVERLAPPING DEBT		
County of Passaic (Note 1)	$8,051,145	
Passaic County Utilities Authority (Note 1)	1,033,606	
Passaic Valley Sewage Commission (Note 2)	1,060,811	
TOTAL OVERLAPPING DEBT		$10,145,562
GROSS DEBT		
Per Capita (2020 - 13,360)		$2,764
Percent of Statutory Equalized Value of Real Property (2025 - $2,452,362,139)		1.506%
NET MUNICIPAL DEBT		
Per Capita (2020 - 13,360)		$2,625
Percent of Statutory Equalized Value of Real Property (2025 - $2,452,362,139)		1.430%
OVERALL DEBT (Gross and Overlapping Debt)		
Per Capita (2020 - 13,360)		$3,523
Percent of Statutory Equalized Value of Real Property (2025 - $2,452,362,139)		1.919%

(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 2025 Passaic County Abstract of Ratables published by the Passaic County Board of Taxation.

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

Source: Township of Little Falls 2025 Annual Debt Statement.

APPENDIX B

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 AND SELECTED FINANCIAL INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2025-2021

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W&Co

WIELKOTZ & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Township Council
Township of Little Falls
Little Falls, New Jersey

Report on the Financial Statements

Adverse Opinion on U.S. Generally Accepted Accounting Principles

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the Township of Little Falls, as of December 31, 2025 and 2024, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the accompanying financial statements referred to above do not present fairly the financial position of each fund of the Township of Little Falls as of December 31, 2025 and 2024, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Township of Little Falls, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

W&Co

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Little Falls on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 16 of the financial statement, the Township participates in a Length of Service Award Program for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of $2,209,199 and $2,090,440 for 2025 and 2024, respectively, were not audited and, therefore, we express no opinion on the LOSAP program. As described in Finding 2025-001 the Township's accounting software (MSI) did not include all transactions that occurred during the year resulting in general ledgers and subsidiary ledgers being unreliable; as described in Finding 2025-002 the Township did not prepare bank reconciliations on a monthly basis as required by N.J.S.A. 40A:5-5.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the "*Basis for Qualified Opinion on Regulatory Basis Accounting Principles*" paragraph, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2025 and 2024, the regulatory basis statements of operations and changes in fund balance for the years then ended and the regulatory basis statements of revenues and expenditures and changes in fund balance for the year ended December 31, 2025 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

W&CO

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

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

W&CO

Subsequent Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Little Falls' basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2026 our consideration of the Township of Little Falls' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Little Falls' internal control over financial reporting and compliance.

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413

WK & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

May 13, 2026

W&CO

Exhibit A

TOWNSHIP OF LITTLE FALLS, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2025 and 2024

	Ref.	2025	2024
Assets			
Current Fund:			
Cash	A-4	$ 4,989,557	3,613,901
Cash - Change Funds	A-5	225	225
		4,989,782	3,614,126
Due from State of New Jersey:			
Senior Citizens and Veterans Deductions	A-7	5,056	1,690
Receivables and Other Assets with Full Reserves:			
Tax Title Liens Receivable	A-8	131,389	120,779
Taxes Receivable	A-9	1,032,281	986,128
Property Acquired for Taxes - Assessed Valuation	A-10	825,100	825,100
PILOTs Receivable	A-11	184,101	124,742
Revenue Accounts Receivable	A-12	23,083	22,929
Interfund Accounts Receivable	A-13	168,638	294,526
Prepaid Regional School Taxes	A-22		506,925
		2,364,592	2,881,129
Deferred Charges:			
Special Emergency Authorizations	A-14	372,174	674,348
		7,731,604	7,171,293
Federal and State Grant Fund:			
Cash	A-4	57,945	12,022
Schedule of Interfunds	A-27	321,598	321,294
Grants Receivable	A-28	140,913	210,913
Deferred Charges - Overexpenditure of Appropriated Grant Reserves	A-30	26,275	229
		546,731	544,458
		$ 8,278,335	7,715,751

Exhibit A

TOWNSHIP OF LITTLE FALLS, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2025 and 2024

	Ref.	2025	2024
Liabilities, Reserves and Fund Balance			
Current Fund:			
Appropriation Reserves	A-3/A-15	$ 1,191,789	698,464
Encumbrances Payable	A-3/A-16	442,671	98,551
Accounts Payable	A-17	3,433	148
Interfund Accounts Payable	A-13	1,584,401	1,103,823
Reserve for Other Expenditures	A-18	315,750	231,605
Tax Overpayments	A-19	28,517	
Local District School Taxes Payable	A-20	4	3
Regional School Taxes Payable	A-21	56,001	
County Taxes Payable	A-23	35,487	19,141
Prepaid Taxes	A-25	395,528	314,916
Prepaid PILOT	A-25	13,807	
State Fees Payable	A-26	19,347	19,138
		4,086,735	2,485,789
Reserve for Receivables	Contra	2,364,592	2,881,129
Fund Balance	A-1	1,280,277	1,804,375
		7,731,604	7,171,293
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-29	463,914	294,135
Reserve for Grant Encumbrances	A-31	82,720	103,938
Unappropriated Reserve for Grants	A-32	97	146,385
		546,731	544,458
		$ 8,278,335	7,715,751

See accompanying notes to financial statements.

Exhibit A-1

TOWNSHIP OF LITTLE FALLS, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Years Ended December 31, 2025 and 2024

		2025	2024
Revenues and Other Income:			
Fund Balance Utilized	$	1,140,000	2,800,000
Miscellaneous Revenue Anticipated		6,800,635	6,362,516
Receipts from Delinquent Taxes		287,888	424,454
Receipts from Current Taxes		53,101,511	50,761,458
Non-Budget Revenue		1,203,334	392,094
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		156,292	382,297
Interfunds Returned		761	655
Appropriated Grant Reserves Cancelled			
Reserves for Other Expenditures Cancelled			
Total Revenues and Other Income		62,690,421	61,123,474
Expenditures:			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages		9,511,545	9,137,078
Other Expenses		10,150,810	8,888,428
Capital Improvements		85,000	185,000
Municipal Debt Service		2,665,297	2,668,962
Judgments		60,136	61,205
Deferred Charges and Statutory Expenditures - Municipal		2,728,672	2,645,620
Local District School Tax		16,942,192	17,092,092
Regional High School Taxes		7,703,726	8,141,096
Prepaid Regional School Tax			506,925
County Taxes Including Added Taxes		11,735,006	10,885,136
County Open Space Taxes		247,906	218,814
Municipal Open Spaces Taxes Payable		77,439	77,077
Tax Overpayments		12,060	89,715
PILOT Receivable			19,830
Interfunds Advanced		154,730	30,979
Refund of Prior Year Revenue			
Total Expenditures		62,074,519	60,647,957
Excess (Deficit) Revenue Over Expenditures		615,902	475,517

Exhibit A-1

TOWNSHIP OF LITTLE FALLS, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Years Ended December 31, 2025 and 2024

		2025	2024
Fund Balance, January 1,		1,804,375	4,128,858
		2,420,277	4,604,375
Decreased by:			
Fund Balance Utilized as Budget Revenue		1,140,000	2,800,000
Fund Balance, December 31,	$	1,280,277	1,804,375

See accompanying notes to the financial statements.

Exhibit A-2

TOWNSHIP OF LITTLE FALLS, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	$ 1,140,000	1,140,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	33,000	29,370	(3,630)
Other	22,000	53,661	31,661
Fees and Permits:			
Other	100,000	123,295	23,295
Fines and Costs:			
Municipal Court	185,000	248,243	63,243
Uniform Construction Code Fees	395,000	398,566	3,566
Interest and Costs on Taxes	125,000	121,687	(3,313)
Interest on Investments and Deposits	300,000	145,254	(154,746)
Recreation Program Fees	225,000	281,604	56,604
Energy Receipts Tax	1,297,351	1,297,351	
Watershed Aid	1,457	1,457	
Reserve for Garden State Trust Fund	5,553	5,553	
EMS Fees - Little Falls	370,000	427,361	57,361
Special Items of General Revenue:			
Municipal Alliance Against Alcoholism and Drug Abus	7,314	7,314	
Bulletproof Vest Partnership	2,106	2,106	
Click-It or Ticket	7,000	7,000	
AAA Pedestrian Safety Grant	1,120	1,120	
Fire & EMS Grant	5,000	5,000	
NJAW Volunteer Firefighter & EMS Grant	2,430	2,430	
Alcohol Education and Rehabilitation- 2024	4,658	4,658	
Alcohol Education and Rehabilitation- 2025	2,682	2,682	
National Opioid Settlement- 2022	14,158	14,158	
National Opioid Settlement- 2023	11,742	11,742	
National Opioid Settlement- 2024	35,215	35,215	
National Opioid Settlement- 2025	15,059	15,059	
Distracted Driving	7,000	7,000	
Drive Sober or Get Pulled Over- 2024	8,645	8,645	
Drive Sober or Get Pulled Over	7,000	7,000	
Recycling Tonnage Grant- 2021	20,551	20,551	
Recycling Tonnage Grant- 2022	19,019	19,019	
Body Armor	2,581	2,581	
Clean Communities- 2024	27,729	27,729	
Clean Communities- 2025	27,502	27,502	

Exhibit A-2

TOWNSHIP OF LITTLE FALLS, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Realized	Excess or (Deficit)
Other Special Items:			
Uniform Fire Safety Act	23,000	27,685	4,685
Sewer Service Fees	250,000	411,000	161,000
Cable TV Franchise Fee	155,000	151,875	(3,125)
Montclair University Sewer Fees	85,000	158,378	73,378
Montclair University Fire Alarm Fees	12,000	8,960	(3,040)
Main Street PILOT	1,400,000	1,310,205	(89,795)
Due from Other Trust Fund	260,000	256,699	(3,301)
Due from Tax Title Lien Premium Trust Fund	25,000	25,000	
Prepaid Regional High School Taxes	506,925	506,925	
Accurate Collection of Delinquent PILOT	792,446	581,995	(210,451)
Total Miscellaneous Revenues	6,797,243	6,800,635	3,392
Receipts from Delinquent Taxes	460,000	287,888	(172,112)
Subtotal General Revenues	8,397,243	8,228,523	(168,720)
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	16,792,646	16,537,252	(255,394)
Library Purposes	823,513	823,513	
	17,616,159	17,360,765	(255,394)
Budget Totals	26,013,402	25,589,288	(424,114)
Non-Budget Revenue		1,203,334	1,203,334
	$ 26,013,402	26,792,622	779,220

Analysis of Realized Revenues

Revenue from Current Tax Collections	$ 53,101,511
Allocated to County, Local and Regional School Taxes	36,320,007
Allocated to Municipal Open Space	77,439
Balance for Support of Municipal Budget Appropriations	16,704,065
Add : Appropriation - Reserve for Uncollected Taxes	656,700
Amount for Support of Municipal Budget Appropriations	$ 17,360,765
Receipts from Delinquent Taxes:	
Delinquent Taxes	$ 287,888

Exhibit A-2

TOWNSHIP OF LITTLE FALLS, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Realized	Excess or (Deficit)
Non-Budget Revenue:			
Bounced Checks	$ 321		
Telephone Rebates & Refunds	95		
Election Polls	800		
Garage Sale	135		
Miscellaneous	8,142		
Death Registrations	6,255		
Refunds	3,074		
Property Registrations	7,800		
DCO Energy	2,061		
Payroll Refund	46,574		
Accurate PILOT	268,045		
MSU Congen FEES	24,000		
North Caldwell Sewer Service Fees	28,244		
Insurance Reimbursements	18,825		
Health Benefit Deductions	544,999		
PVSRO Reimbursement	15,417		
Billboard Lease	65,000		
FEMA Reimbursements	25,475		
Passaic Valley Sewer Rebate	1,591		
PVHS Gas	31,871		
Misc. DPW	26		
Misc. Police	73,351		
Misc. Recreation	181		
Township Calendars	13,500		
Misc. Construction	67		
Misc. Clerk	7,975		
Stale Checks	9,510		
		$ 1,203,334	

See accompanying notes to the financial statements.

Exhibit A-3

TOWNSHIP OF LITTLE FALLS, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
General Government:					
Administration:					
Salaries and Wages	$ 175,000	165,000	160,123	4,877	
Other Expenses	80,000	128,000	127,666	334	
Mayor and Council:					
Salaries and Wages	23,000	23,000	23,000		
Other Expenses	750	750	651	99	
Municipal Clerk:					
Salaries and Wages	305,000	275,000	272,991	2,009	
Other Expenses	60,000	86,000	85,967	33	
Financial Administration:					
Salaries and Wages	155,000	145,000	136,511	8,489	
Other Expenses	75,000	85,000	84,865	135	
Audit Services	58,000	58,000	57,800	200	
Collection of Taxes:					
Salaries and Wages	155,000	159,700	159,689	11	
Other Expenses	39,500	19,500	13,586	5,914	
Assessment of Taxes					
Salaries and Wages	65,000	65,310	65,302	8	
Other Expenses	5,000	35,600	35,554	46	
Legal Services and Cost:					
Other Expenses	175,000	175,000	125,858	49,142	
Engineering Services and Costs:					
Other Expenses	50,000	50,000	33,250	16,750	
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					

Exhibit A-3

TOWNSHIP OF LITTLE FALLS, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Planning Board:					
Salaries and Wages	5,507	5,662	5,658	4	
Other Expenses	15,000	15,000	10,344	4,656	
Insurance:					
Liability	138,221	138,221	135,441	2,780	
Liability - NJIIF	319,870	319,870	165,295	154,575	
Workers Compensation	185,679	135,679	113,841	21,838	
Employee Group Insurance	1,658,420	1,658,420	1,634,673	23,747	
Employee Group Insurance-Delta Dental	85,000	85,000	68,913	16,087	
Unemployment Insurance	10,000	10,000	1,183	8,817	
Public Safety:					
Police:					
Salaries and Wages - Regular	4,758,650	4,758,650	4,703,911	54,739	
Salaries and Wages - Dispatchers/911	625,000	627,700	627,691	9	
Salaries and Wages - Police Civilian	202,803	202,803	202,803		
Other Expenses	500,000	500,000	491,795	8,205	
Fire Department					
Other Expenses - Miscellaneous	177,240	178,540	178,449	91	
Fire Prevention					
Salaries and Wages	125,000	125,000	113,786	11,214	
Other Expenses	24,700	24,700	19,458	5,242	
EMS/Ambulance					
Salaries and Wages	558,107	301,442	163,874	137,568	
Other Expenses	116,450	116,450	111,574	4,876	
Fire Hydrant Service					
Other Expenses	230,000	261,375	261,372	3	
Emergency Management:					
Salaries and Wages	30,000	30,000	27,000	3,000	
Other Expenses	50,000	15,000	4,047	10,953	

Exhibit A-3

TOWNSHIP OF LITTLE FALLS, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Municipal Prosecutor:					
Salaries and Wages	29,000	29,000	27,061	1,939	
Public Works:					
Road Repairs and Maintenance:					
Salaries and Wages	1,120,000	1,153,000	1,152,783	217	
Other Expenses	220,000	183,900	183,804	96	
Shade Tree					
Other Expenses	23,370	23,370	13,887	9,483	
Solid Waste Collection					
Salaries and Wages	95,000	65,000	53,954	11,046	
Other Expenses	800,000	870,000	869,543	457	
Sanitation:					
Landfill & Solid Waste Disposal Costs:					
Other Expenses	578,850	528,850	426,143	102,707	
Public Building and Grounds					
Other Expenses	120,000	100,000	92,185	7,815	
Vehicle Maintenance:					
Salaries and Wages	113,000	113,000	96,680	16,320	
Other Expenses	150,000	115,000	104,392	10,608	
Community Services Act:					
Other Expenses	10,000	14,700	14,639	61	
Health and Welfare:					
Public Health Services:					
Other Expenses	1,025	1,025	643	382	
Flood Board					
Other Expenses	500	500		500	
Parks and Recreation:					
Recreation Services and Programs:					
Salaries and Wages	301,000	327,850	327,811	39	
Other Expenses	218,780	218,780	218,125	655	

Exhibit A-3

TOWNSHIP OF LITTLE FALLS, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Celebration of Events					
Other Expenses	20,000	20,000	9,190	10,810	
Senior Citizen Transportation					
Other Expenses	2,900	2,900	2,105	795	
Senior Citizen Activities					
Other Expenses	10,000	10,000	8,516	1,484	
PEOSHA Mandated Costs					
Other Expenses	3,500	3,500		3,500	
Municipal Court					
Salaries and Wages	180,000	180,000	131,631	48,369	
Other Expenses	34,350	34,350	17,873	16,477	
Public Defender:					
Other Expenses	5,500	6,400	6,400		
Uniform Construction Code:					
Construction Code Official:					
Salaries and Wages	323,103	330,903	330,896	7	
Other Expenses	72,200	64,200	61,002	3,198	
Sub-Code Official:					
Plumbing Inspector					
Salaries and Wages	27,000	30,900	30,846	54	
Electrical Inspector					
Salaries and Wages	27,000	27,625	27,622	3	
Utility Expenses and Bulk Purchases					
Street Lighting	120,000	146,500	146,122	378	
Telephone	100,000	140,100	140,100		
Gas (Natural or Propane)	340,000	365,500	365,189	311	

Exhibit A-3

TOWNSHIP OF LITTLE FALLS, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Water	35,000	35,000	31,931	3,069	
Fuel Oil	50,000	40,000	27,405	12,595	
Gasoline	130,000	120,000	104,891	15,109	
Total Operations within "CAPS"	16,497,975	16,282,225	15,447,290	834,935	
Detail:					
Salaries & Wages	9,398,170	9,141,545	8,841,623	299,922	
Other Expenses (Including Contingent)	7,099,805	7,140,680	6,605,667	535,013	
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
(1) DEFERRED CHARGES					
Over expenditure of Appropriated Grants	229	229	229		
(2) STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	563,804	563,804	563,804		
Social Security System (O.A.S.I.)	424,000	437,200	437,172	28	
Police and Firemen's Retirement System of NJ	1,400,265	1,400,265	1,400,265		
Pension of Widow Volunteer Firemen	5,000	5,000	5,000		
Defined Contribution Pension Plan	20,000	20,000		20,000	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	2,413,298	2,426,498	2,406,470	20,028	
Total General Appropriations for Municipal Purposes within "CAPS"	18,911,273	18,708,723	17,853,760	854,963	
Operations - Excluded from "CAPS":					
Sewerage Processing and Disposal					
Passaic Valley Sewer Commission					
Operating and Maintenance Costs	1,142,400	1,244,900	1,244,526	374	
Second River Joint	4,500	4,500	4,000	500	

Exhibit A-3

TOWNSHIP OF LITTLE FALLS, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Third River Joint	2,500	2,500	2,469	31	
Township of Montclair	5,000	5,000		5,000	
City of Clifton	5,000	5,000		5,000	
City of Clifton-Health Officer	124,550	124,550	61,355	63,195	
Maintenance of Free Public Library	823,513	836,913	761,861	75,052	
LOSAP Program	105,000	105,000		105,000	
Recycling Tax	16,000	16,000	15,001	999	
CAP Exceptions:					
Workers Compensation Insurance	52,317	52,317	52,317		
Health Insurance	191,580	191,580	191,580		
Liability Insurance	73,359	73,359	73,359		
Total Other Operations - Excluded from "CAPS"	2,545,719	2,661,619	2,406,468	255,151	
Interlocal Municipal Service Agreements					
Borough of Elmwood Park - CFO and Tax Collector					
Other Expenses	140,000	120,000	116,667	3,333	
Emergency Medical Services					
Salaries and Wages	370,000	370,000	370,000		
Total Interlocal Municipal Service Agreements	510,000	490,000	486,667	3,333	

Exhibit A-3

TOWNSHIP OF LITTLE FALLS, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Public and Private Programs Offset by Revenues					
Municipal Alliance Against Alcoholism and Drug Abuse	7,314	7,314	7,314		
Bulletproof Vest Partnership	2,106	2,106	2,106		
Click-It or Ticket	7,000	7,000	7,000		
AAA Pedestrian Safety Grant	1,120	1,120	1,120		
Fire & EMS Grant	5,000	5,000	5,000		
NJAW Volunteer Firefighter & EMS Grant	2,430	2,430	2,430		
Alcohol Education and Rehabilitation- 2024	4,658	4,658	4,658		
Alcohol Education and Rehabilitation- 2025	2,682	2,682	2,682		
National Opioid Settlement- 2022	14,158	14,158	14,158		
National Opioid Settlement- 2023	11,742	11,742	11,742		
National Opioid Settlement- 2024	35,215	35,215	35,215		
National Opioid Settlement- 2025	15,059	15,059	15,059		
Distracted Driving	7,000	7,000	7,000		
Drive Sober or Get Pulled Over- 2024	8,645	8,645	8,645		
Drive Sober or Get Pulled Over	7,000	7,000	7,000		
Recycling Tonnage Grant- 2021	20,551	20,551	20,551		
Recycling Tonnage Grant- 2022	19,019	19,019	19,019		
Body Armor	2,581	2,581	2,581		
Clean Communities- 2024	27,729	27,729	27,729		
Clean Communities- 2025	27,502	27,502	27,502		
Total Public and Private Programs Offset by Revenues	228,511	228,511	228,511		
Total Operations-Excluded from "CAPS"	3,284,230	3,380,130	3,121,646	258,484	
Detail:					
Salaries and Wages	370,000	370,000	370,000		
Other Expenses	2,886,728	3,010,130	2,724,144	258,484	

Exhibit A-3

TOWNSHIP OF LITTLE FALLS, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Capital Improvements - Excluded from "CAPS"					
Acquisition of Computers	85,000	85,000	6,658	78,342	
Total Capital Improvements Excluded from "CAPS"	85,000	85,000	6,658	78,342	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	1,663,000	1,663,000	1,663,000		
Payment of BANs and Capital Notes	243,024	243,024	243,024		
Interest on Bonds	501,000	607,650	455,846		151,804
Interest on Notes	305,000	305,000	303,427		1,573
Total Municipal Debt Service-Excluded from "CAPS"	2,712,024	2,818,674	2,665,297		153,377
Deferred Charges and Statutory Expenditures-Municipal Excluded from "CAPS"					
Special Emergency - 5 Year (N.J.S. 40A:4-55)	302,174	302,174	302,174		
Total Deferred Charged and Statutory Expenditures-Municipal Excluded from "CAPS"	302,174	302,174	302,174		
Judgements (N.J.S.A. 40A:4-45.3cc)	62,000	62,000	60,136		1,864
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	6,445,428	6,647,978	6,155,911	336,826	155,241
Subtotal General Appropriations	25,356,701	25,356,701	24,009,671	1,191,789	155,241

Exhibit A-3

TOWNSHIP OF LITTLE FALLS, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2025

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Reserve for Uncollected Taxes	656,700	656,700	656,700		
Total General Appropriations	$ 26,013,401	26,013,401	24,666,371	1,191,789	155,241

Adopted Budget	$ 25,931,275
Appropriation by 40A:4-87	82,126
	$ 26,013,401

Reserve for Uncollected Taxes	$ 656,700
Federal and State Grants	228,511
Deferred Charges	302,174
Interfunds- Grant Fund	229
Interfunds - General Capital Fund	428,024
Encumbrances	442,671
Cash	22,608,062
	$ 24,666,371

See accompanying notes to the financial statements.

Exhibit B

TOWNSHIP OF LITTLE FALLS, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2025 and 2024

	Ref.	2025	2024
Assets			
Animal Control Trust Fund			
Cash	B-1	$ 2,480	3,561
Due from Current Fund	B-2	816	132
		3,296	3,693
Other Trust Fund			
Cash	B-1	2,146,388	2,209,910
Due From Current Fund	B-2		18,204
		2,146,388	2,228,114
Open Space Trust Fund			
Cash	B-1	348,554	313,897
Due from Current Fund	B-2	77,439	77,803
		425,993	391,700
Length of Service Award Program Trust Fund (Unaudited)			
Investments	B-1	2,172,986	2,052,591
Contribution Receivable	B-12	36,213	37,849
		2,209,199	2,090,440
		$ 4,784,876	4,713,947

Exhibit B

TOWNSHIP OF LITTLE FALLS, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2025 and 2024

Liabilities, Reserves & Fund Balance	Ref.	2025	2024
Animal Control Trust Fund			
Reserve for Animal Control Fund Expenditures	B-4	$ 3,272	3,631
Due to State of New Jersey	B-3	24	62
		3,296	3,693
Other Trust Fund			
Interfunds Payable:			
Due to Current Fund	B-2	142,389	256,699
Due to Current Fund - Escrow	B-2	50	329
Due to Current Fund - Tax Title Liens	B-2	6,235	25,432
Various Reserves	B-5	320,003	277,962
Miscellaneous Reserves	B-6	549,318	536,800
Due to the State of NJ - Lead Hazard Fees	B-7	2,560	
Due to the State of NJ - Unemployment Compensation	B-8	-	7,655
Reserve for Unemployment Compensation Insurance	B-9	56,706	60,153
Reserve for Affordable Housing	B-10	1,069,127	1,063,084
		2,146,388	2,228,114
Open Space Trust Fund			
Reserve for Open Space	B-11	425,993	391,700
Length of Service Award Program Trust Fund (Unaudited)			
Reserve for LOSAP	B-13	2,209,199	2,090,440
		$ 4,784,876	4,713,947

See accompanying notes to financial statements.

Exhibit C

TOWNSHIP OF LITTLE FALLS, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2025 and 2024

Assets	Ref.		2025	2024
Cash	C-2/C-3	$	981,849	407,344
Due from Current Fund	C-4		1,184,548	686,390
Deferred Charges to Future Taxation:				
Funded	C-5		18,180,000	19,843,000
Unfunded	C-6		17,306,282	16,555,306
Grants Receivable	C-12		8,736,945	9,488,800
Deferred Charges - Overexpenditure of Improvement Authorizations	C-11		5,463	
		$	46,395,087	46,980,840

Liabilities, Reserves and Fund Balance	Ref.		2025	2024
General Serial Bonds	C-7		18,180,000	19,843,000
Bond Anticipation Notes Payable	C-8		11,888,000	10,852,000
Contracts Payable	C-9		2,405,829	2,000,502
Improvement Authorizations:				
Funded	C-10		7,959,788	8,095,436
Unfunded	C-10		5,322,395	5,724,366
Capital Improvement Fund	C-13		174,850	224,850
Reserve for Sewer I & I	C-14		21,696	21,696
Reserve for Debt Service	C-15		415,082	215,082
Fund Balance	C-1		27,447	3,908
		$	46,395,087	46,980,840

There were $5,418,282 and $5,703,306 of Bonds and Notes Authorized But Not Issued on December 31, 2025 and 2024 respectively (Exhibit C-16).

See accompanying notes to the financial statements.

Exhibit C-1

TOWNSHIP OF LITTLE FALLS, N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31, 2025

		2025	2024
Balance - December 31,	$	3,908	953,498
Increased By:			
Improvement Authorizations Cancelled			
Premium from Bond Anticipation Note Sale		23,539	3,908
		23,539	3,908
Decreased By:			
Utilized as Revenue in Current Fund			953,498
Balance - December 31,	$	27,447	3,908

See accompanying notes to the financial statements.

Exhibit D

TOWNSHIP OF LITTLE FALLS, N.J.

Comparative Balance Sheet - Regulatory Basis

Public Assistance Fund

For the Years Ended December 31, 2025 and 2024

	Ref.		2025	2024
Assets				
Public Assistance Fund:				
Cash	D-1	$		16,407
Reserves				
Public Assistance Fund:				
Reserve for Public Assistance	D-2	$		16,407

Exhibit E

TOWNSHIP OF LITTLE FALLS, N.J.

Comparative Balance Sheet - Regulatory Basis

Payroll Account

December 31, 2025 and 2024

		2025	2024
Assets			
Cash - Net Payroll	$	16,009	9,775
Cash - Payroll Agency		41,286	21,882
	$	57,295	31,657
Reserves			
Due to Current Fund - Net Payroll	$	9,570	5,932
Due to Current Fund - Payroll Agency		10,393	6,134
Reserve for Net Payroll		6,439	3,843
Payroll Deductions and Withholdings		30,893	15,748
	$	57,295	31,657

See accompanying notes to financial statements.

Exhibit F

TOWNSHIP OF LITTLE FALLS, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2025 and 2024

		2025	2024
General Fixed Assets:			
Land and Improvements	$	22,016,985	22,016,985
Buildings and Building Improvements		11,022,983	11,022,983
Vehicles and Equipment		14,770,412	14,482,051
	$	47,810,380	47,522,019
Investment in Fixed Assets	$	47,810,380	47,522,019

See accompanying notes to the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups 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 financial statements of the Township of Little Falls have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division) which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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 Township accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Township of Little Falls (the Township) was incorporated in 1868 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term as authorized by the New Jersey Faulkner Act and the five council members are elected at-large, to four year staggered terms. The Mayor is the Chief Executive Officer of the Township and as such presides over all public meetings and makes appointments to various boards. The Township Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Township Administrator is appointed by the Township Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Township affairs and for the day to day operations of the Township. The Township Administrator is the Chief Administrative Officer for the Township. The Township's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Reporting Entity, (continued)

However, 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. 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 Township do not include the volunteer fire department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

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

The Township 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 Township functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Township has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Township as a trustee or agent for individuals, private organizations, other governments and/or other funds.

Animal Trust Fund - This fund is used to account for fees collected from animal licenses and expenditures which are regulated by N.J.S.A. 4:19-15.11.

Unemployment Trust Fund - This fund is used to account for all employee deductions and budget appropriations and subsequent payment of unemployment compensation bills from the State of New Jersey.

Affordable Housing Trust Fund - This fund is used to account for the receipts and disbursements relating to affordable housing.

Open Space Trust Fund - This fund is used to account for the receipts and disbursements relating to the preservation of open space.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Length of Service Award 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 Township.

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

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes.

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

Basis of Accounting

A modified accrual basis of accounting is followed by the Township of Little Falls. 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 for municipalities by the Division 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. An additional penalty of 6% will be applied to delinquent balances in excess of $10,000 at year-end. 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 Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11^{th} day of the 11^{th} month in the current year taxes are levied, the collector in the municipality

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting, (continued)

shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Township. 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 taxes 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, reduced by an allowance for doubtful accounts.

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 Township's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Township's budget. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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 Township and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

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

General Capital Fund
Trust Fund
Public Assistance Fund

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting, (continued)

The governing body shall introduce and approve the annual budget not later than March 31, of the fiscal year. The budget shall be adopted not later than April 30, 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. 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. 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 the years ended December 31, 2025 and 2024, the Governing Body approved additional revenues and appropriations of $82,126 and $91,429 respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body in 2025 and 2024.

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 canceled 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, which should be recognized when due.

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

Appropriation Reserves - 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting, (continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. 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 be recorded as a long-term obligation.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market 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.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost which approximates fair value and are limited by N.J.S.A. 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Township establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or nonfunding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Township may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Township raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Basis of Accounting, (continued)

General Fixed Assets - The Township of Little Falls has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

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.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available.

Recently Issued Accounting Pronouncements

The following GASB statement became effective for the fiscal year ended December 31, 2025:

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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

Recently Issued Accounting Pronouncements, (continued)

The Governmental Accounting Standards Board (GASB) has issued the following statements that have effective dates that may affect future financial presentations:

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its' effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. Management is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

In September 2024, the Government Accounting Standards Board issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement will provide users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The requirements of this Statement are effective for periods beginning after June 15, 2025. Management is currently reviewing the provisions of this Statement and its effect on the financial statements of the Township.

In December 2025, the Government Accounting Standards Board issued GASB Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The Township is determining what effects, if any, this pronouncement will have on future financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township 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 GAAP.

NOTE 2. PENSION PLANS

Description of Plans:

Township employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employees' Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's annual financial statements, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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

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

NOTE 2. PENSION PLANS, (continued)

Public Employees' Retirement System (PERS), (continued)

Benefits Provided, (continued)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Police and Firemens' Retirement System (PFRS)

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's annual financial statements, which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service. The following represents the membership tiers for PFRS:

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

NOTE 2. PENSION PLANS, (continued)

Police and Firemens' Retirement System (PFRS), (continued)

Benefits Provided, (continued)

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

Defined Contribution Retirement Program

Empower jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

NOTE 2. PENSION PLANS, (continued)

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19 (S-21) the Pension Deferral Program. This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Township of Little Falls opted for this deferral in the amount of $351,103. The amount outstanding at December 31, 2025 was $41,139.

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey, and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Township's contribution to the various plans, equal to the required contributions for each year, were as follows:

Year	PERS	PFRS
2025	$ 563,804	$ 1,400,265
2024	509,962	1,388,484
2023	460,605	1,127,611

NOTE 2. PENSION PLANS, (continued)

Contribution Requirements, (continued)

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

The following PERS pension information is as of June 30, 2024 which is the latest information available. This information is eighteen months prior to December 31, 2025. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of County Affairs, State of New Jersey, is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinions until such time current pension information is available.

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

Public Employees Retirement System (PERS)

At June 30, 2024, the Township had a liability of $5,515,054 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2024, the Township's proportion was 0.0405875425 percent, which was an increase of 0.00328969 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2025, the Township recognized pension expense of $563,804.

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of PFRS
Difference between expected and actual experience	$ 110,477	$ 14,683
Changes of assumptions	6,851	62,749
Net difference between projected and actual earnings on pension plan investments		255,718
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	886,857	4,532
	$ 1,004,185	$ 337,682

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NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2024) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2025	(234,156)
2026	181,183
2027	(104,238)
2028	(60,176)
2029	1,565

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.08, 5.04, 5.13, 5.16 and 5.21 years for 2024, 2023, 2022, 2021, 2020 and 2019 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2024 and June 30, 2023 are as follows:

	June 30, 2024	June 30, 2023
Collective Deferred Outflows of Resurces	$ 1,079,580,780	$ 1,080,204,730
Collective Deferred Inflows of Resources	1,611,322,898	1,780,216,457
Collective Net Pension Liability	13,588,045,796	14,606,489,066
Township's Proportion	0.0405875425%	0.0372978551%

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which rolled forward to June 30, 2024. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-6.55% (based on years of service)
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non- Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Market Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
Township's Proportionate Share of the Pension Liability	$ 7,343,413	$ 5,515,054	$ 3,959,131

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

The following PFRS pension information is as of June 30, 2024 which is the latest information available. This information is eighteen months prior to December 31, 2025. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of County Affairs, State of New Jersey, is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinions until such time current pension information is available.

Police and Firemen's Retirement System (PFRS)

At June 30, 2024, the Township had a liability of $10,209,597 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2024, the Township's proportion was 0.09886698 percent, which was a decrease of (0.00002999) percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2025, the Township recognized pension expense of $1,400,265.

NOTE 2. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Police and Firemen's Retirement System (PFRS), (continued)

At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of PFRS
Difference between expected and actual experience	$ 643,197	$ 349,519
Changes of assumptions	16,139	299,839
Net difference between projected and actual earnings on pension plan investments		79,909
Changes in proportion and differences between the Township's contributions and proportionate share of contributions	876,264	309,369
	$ 1,535,600	$ 1,038,636

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NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System (PFRS), (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2024) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2025	(494,529)
2026	569,814
2027	(143,016)
2028	(66,413)
2029	59,082
Thereafter	5,131

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 6.09, 6.16, 6.22, 6.17, 5.90 and 5.92 years for 2024, 2023, 2022, 2021, 2020 and 2019 amounts, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2024 and June 30, 2023 are as follows:

	June 30, 2024	June 30, 2023
Collective Deferred Outflows of Resources	$ 1,350,388,724	$ 1,753,080,638
Collective Deferred Inflows of Resources	1,421,121,200	1,966,439,601
Collective Net Pension Liability	10,326,599,453	11,048,782,843
Township's Proportion	0.0988669800%	0.1018668000%

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25-16.25% (based on years of service)
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the Pub-2010 Safety Employee amount-weighted mortality table (sex-specific) projected generationally from 2010 with Scale MP-2021 mortality projection. For healthy annuitants, mortality rates were based on the Pub-2010 Safety Retiree Below Median amount-weighted mortality table (sex-specific), projected generationally from 2010 with Scale MP-2021 mortality projection. Disability rates were 144% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2010 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2010 with Scale MP-2021 mortality projection.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block meth1od in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Snall-Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Smal-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State Group and 100% of actuarially determined contributions for the Local Group. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2024, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2024		
	1% Decrease 6.00%	At Current Discount Rate 7.00%	1% Increase 8.00%
Township's Proportionate Share of the Pension Liability	$ 15,450,286	$ 10,209,597	$ 5,845,251

NOTE 2. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Special Funding Situation - PFRS

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

At June 30, 2024 and 2023, the State proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is $2,012,800 and $2,073,872, respectively. For the years ended June 30, 2024 and 2023, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation to be $231,557 and $235,899, respectively. The State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation for 2024 was less than the actual contributions and 2023 was more than the actual contributions the State made on behalf of the Township of $231,556 and $237,171, respectively. The State's proportionate share attributable to the Township was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Township's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2025 and 2024 consisted of the following:

	Balance Dec. 31, 2024	Additions	Reductions	Balance Dec. 31, 2025	Amounts Due Within One Year
Bonds Payable - General Obligation Debt	$ 19,843,000		$ 1,663,000	$ 18,180,000	$ 1,675,000
Other Liabilities:					
Compensated Absences	2,334,989	$ 589,292	864,426	2,059,855	
Deferred PERS/PFRS Pension Contribution	38,600	41,139 *	38,600	41,139	41,139
	$ 22,216,589	$ 630,431	$ 2,566,026	$ 20,280,994	$ 1,716,139

	Balance Dec. 31, 2023	Additions	Reductions	Balance Dec. 31, 2024	Amounts Due Within One Year
Bonds Payable - General Obligation Debt	$ 21,479,000		$ 1,636,000	$ 19,843,000	$ 1,663,000
Other Liabilities:					
Compensated Absences	2,334,989			2,334,989	
Deferred PERS/PFRS Pension Contribution	69,756	$ 4,661 *	35,817	38,600	38,600
	$ 23,883,745	$ 4,661	$ 1,671,817	$ 22,216,589	$ 1,701,600

*- An adjustment was made to agree ending balance with billing amount from subsequent year. Additional adjustments will be needed in the future for additional amounts added by the State which are unknown at this time.

NOTE 3. MUNICIPAL DEBT, (continued)

The Local Bond Law governs the issuance of bonds and notes 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 Township are general obligation bonds, backed by the full faith and credit of the Township. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and five months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	Year 2025	Year 2024	Year 2023
Issued:			
General - Bonds and Notes	$30,068,000	$30,695,000	$29,163,000
	30,068,000	30,695,000	29,163,000
Authorized But Not Issued			
General - Bonds and Notes	5,418,282	5,703,306	6,591,473
	5,418,282	5,703,306	6,591,473
Total Bonds, Notes and Loans Issued and Authorized Not Issued	35,486,282	36,398,306	35,754,473
Less: Deductions	415,082	215,082	
Net Debt	$35,071,200	$36,183,224	$35,754,473

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.430% for 2025.

2025	Gross Debt	Deductions	Net Debt
School Debt	$ 1,437,000	$ 1,437,000	$ -
General Debt	35,486,282	415,082	35,071,200
	$ 36,923,282	$ 1,852,082	$ 35,071,200

Net debt of $35,071,200 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of $2,452,362,139 equals 1.430%.

NOTE 3. <u>MUNICIPAL DEBT</u>, (continued)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.645% for 2024.

2024	Gross Debt	Deductions	Net Debt
School Debt	$ 1,677,000	$ 1,677,000	$ -
General Debt	36,398,306	215,082	36,183,224
	$38,075,306	$ 1,892,082	$ 36,183,224

Net debt of $36,183,224 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of $2,199,747,015 equals 1.645%.

Borrowing Power Available Under N.J.S.A. 40A:2-6 as Amended

	2025	2024
3 1/2% of Equalized Valuation Basis (Municipal)	$ 85,832,675	$ 76,991,146
Net Debt	35,071,200	36,183,224
Remaining Borrowing Power	$ 50,761,475	$ 40,807,922

The Township's long-term debt consisted of the following at December 31, 2025:

General Obligation Bonds

	2025	2024
$3,599,000 2010 Bonds, due in annual installments of $148,000 to $289,000 through August 1, 2030, interest at 1.66% to 6.54%*	$ 1,280,000	$ 1,493,000
$8,754,000, 2015 Bonds, due in annual installments of $250,000 to $500,000 through August 15,2036, interest at 2.00% to 4.00%	5,500,000	6,000,000
$14,250,000, 2021 General Improvement Bonds, due in annual installments of $475,000 to $950,000 through August 1, 2037, interest at 0.05% to 2.00%	11,400,000	12,350,000
	$ 18,180,000	$ 19,843,000

*This bond issue is taxable since it was issued pursuant to the American Recovery and Reinvestment Act of 2009 and the Township is entitled to a federal subsidy of up to 45% of the amount of interest paid.

NOTE 3. MUNICIPAL DEBT, (continued)

Aggregate bonded and loan debt service requirements during the next five years and thereafter are as follows:

		General Capital	
Year	Total	Principal	Interest
2026	$ 2,143,087	$ 1,675,000	$ 468,087
2027	2,120,372	1,689,000	431,372
2028	2,091,491	1,705,000	386,491
2029	2,057,814	1,722,000	335,814
2030	2,023,026	1,739,000	284,026
2031-2035	8,058,125	7,250,000	808,125
2036-2037	2,474,500	2,400,000	74,500
	$20,968,415	$18,180,000	$ 2,788,415

General capital serial bonds are direct obligations of the Township for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Township.

At December 31, 2024, the Township had authorized but not issued debt as follows:

	2025	2024
General Capital Fund	$ 5,418,282	$ 5,703,306

NOTE 4. BOND ANTICIPATION NOTES

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance.

NOTE 4. BOND ANTICIPATION NOTES, (continued)

On December 31, 2025 and 2024, the Township had $11,888,000 and $10,852,000 in General Capital Bond Anticipation Notes.

The following activity related to bond anticipation notes occurred during the periods ended December 31, 2025 and 2024:

	Beginning Balance	Additions	Reductions	Ending Balance
2025				
Notes Payable:				
General Capital Fund				
Piper Sandler & Co.	$ 7,516,000	$ 11,888,000	$ 7,516,000	$ 11,888,000
Spencer Savings Bank, SLA	3,336,000		3,336,000	-
	$ 10,852,000	$ 11,888,000	$ 10,852,000	$ 11,888,000

	Beginning Balance	Additions	Reductions	Ending Balance
2024				
Notes Payable:				
General Capital Fund				
Piper Sandler & Co.		$ 7,516,000		$ 7,516,000
Spencer Savings Bank, SLA		3,336,000		3,336,000
BNY Mellon Capital Markets	$ 7,684,000		$ 7,684,000	-
	$ 7,684,000	$ 10,852,000	$ 7,684,000	$ 10,852,000

NOTE 5. FUND BALANCE APPROPRIATED

The fund balances at December 31, 2025 and 2024, which have been appropriated as revenue in the 2026 and 2025 budgets, are as follows:

	2026	2025
Current Fund	$ 980,000	$ 1,140,000

NOTE 6. ACCRUED SICK AND VACATION BENEFITS

The Township permits employees to accrue (with certain restrictions) unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate $2,059,855 as of December 31, 2025. This amount is not reported either as an expenditure or liability.

NOTE 7. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

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 Township's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2025 and 2024, the Township's bank balance of $8,652,637 and $6,869,044, respectively, $-0- was exposed to custodial credit risk.

Investments

Investment Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Township places no limit on the amount the Township may invest in any one issuer.

NOTE 7. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

Unaudited Investments

As more fully described in Note 16, the Township has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Township. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Corebridge Financial, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2025 and 2024 amounted to $2,172,986 and $2,052,591, respectively.

The following investments represent 5% or more of the total invested with Corebridge Financial on December 31, 2025 and 2024:

	2025	2024
Fixed Account Plus	$ 392,783	$ 434,253
Government Money Market	158,471	151,382
Science & Technology Fund	227,448	184,257
Stock Index Fund	1,176,066	1,101,323
All Other	218,218	181,376
	$ 2,172,986	$ 2,052,591

NOTE 8. LITIGATION

The Township is a defendant in various legal proceedings. These cases, if decided against the Township, would either be funded by insurance or raised by future taxation. The Township expects such amounts, if any, to be immaterial.

Pending Tax Appeals

Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2025 and 2024. Amounts claimed have not yet been determined. The Township 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 Township does not recognize a liability, if any, until these cases have been adjudicated. The Township expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

NOTE 9. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2025 and 2024:

	Balance Dec. 31, 2024	Additions	Deletions	Balance Dec. 31, 2025
Land	$ 22,016,985			$ 22,016,985
Buildings and Improvements	11,022,983			11,022,983
Machinery & Equipment	14,482,051	$ 288,361		14,770,412
	$ 47,522,019	$ 288,361	$ -	$ 47,810,380

	Balance Dec. 31, 2023	Additions	Deletions	Balance Dec. 31, 2024
Land	$ 22,005,121	$ 25,664	$13,800	$ 22,016,985
Buildings and Improvements	10,990,583	32,400		11,022,983
Machinery & Equipment	13,136,887	1,345,164		14,482,051
	$ 46,132,591	$ 1,403,228	$13,800	$ 47,522,019

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NOTE 10. INTERFUND BALANCES AND ACTIVITY

Balance due to/from other funds at December 31, 2025 consist of the following:

$ 321,598	Due to the Federal and State Grant Fund from the Current Fund for grant monies received less expenditures paid.
1,184,548	Due to the General Capital Fund from the Current Fund for New Jersey Department of Transportation grants received.
816	Due to the Animal License Trust Fund from the Current Fund for the current year statutory excess calculation less reimbursements for expenditures paid.
77,439	Due to the Municipal Open Space Trust Fund for the balance of taxes collected not transferred.
142,389	Due to the Current Fund from the Other Trust Fund for reimbursement of expenses paid, revenue deposited in error and interest earned on investments.
50	Due to the Current Fund from the Escrow Trust Fund for interest earned on investments.
6,235	Due to the Current Fund from the Tax Title Lien Redemption and Premium account for interest earned on investments and premiums forfeited to the Township.
9,571	Due to the Current Fund from the Net Payroll account for void checks and interest earned on investments.
10,393	Due to the Current Fund from the Payroll Agency account for interest earned on investements
$ 1,753,039	

It is anticipated that all interfunds will be liquidated during the fiscal year.

NOTE 11. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2025 and 2024, the following deferred charges are shown on the balance sheets of the various funds:

2025	Balance Dec. 31, 2025	2026 Budget Appropriation	Balance Succeeding Year's Budget
Current Fund:			
Special Emergency Authorizations - 5 years (N.J.S.A. 40A:4-53)			
COVID-19	$ 267,174	267,174	-
Preparation of Master Plan	105,000	35,000	70,000
Grant Fund:			
Overexpenditure of Appropriations	26,275	26,275	-
Capital Fund:			
Overexpenditure of Improvement Authorizations	5,463	5,463	-
	$ 403,912	$ 333,912	$ 70,000

2024	Balance Dec. 31, 2024	2025 Budget Appropriation	Balance Succeeding Year's Budget
Current Fund:			
Special Emergency Authorizations - 5 years (N.J.S.A. 40A:4-53)			
COVID-19	$ 534,348	267,174	267,174
Preparation of Master Plan	140,000	35,000	105,000
Grant Fund:			
Overexpenditure of Appropriations	229	229	
	$ 674,577	$ 302,403	$ 372,174

NOTE 12. DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2025 and 2024 are as follows:

	2025 Regional High School	2024 Regional High School
Balance of Tax	$ 3,753,453	$ 4,006,275
Deferred Liability	3,697,452	4,006,275
Taxes Payable	$ 56,001	$ -

NOTE 13. RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained insurance coverage to guard against these events which will provide minimum exposure to the Township should they occur. During the 2025 calendar year, the Township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Township of Little Falls is a member of the Suburban Metro (Suburban Essex) Joint Insurance Fund. The joint insurance fund is 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 Fund is a risk-sharing public entity pool. The Suburban Metro (Suburban Essex) Joint Insurance Fund coverage amounts are on file with the Township.

The relationship between the Township 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 Township is contractually obligated to make all annual and supplementary contributions to insurance funds, to report claims on a timely basis, cooperate with the management of the Fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the insurance funds. Members have a contractual obligation to fund any deficit of the insurance funds attributable to a membership year during which they were a member.

NOTE 13. RISK MANAGEMENT, (continued)

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.

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

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

Year Ended Dec. 31,	Township Contributions	Employee Contributions	Amount Refunded	Amount Reimbursed	Ending Balance
2025	$ -	$ -	$ 9,968	$ 13,415	$ 56,706
2024	-	8,203	-	27,230	60,153
2023	15,000	16,124	-	40,990	79,180

NOTE 14. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance Dec. 31, 2025	Balance Dec. 31, 2024
Prepaid Taxes	$ 395,528	$ 314,916
Prepaid PILOT	13,807	
Cash Liability for Taxes Collected in Advance	$ 409,335	$ 314,916

NOTE 15. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 2, the Township does not provide post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan. However, benefits are provided as described below:

Special Funding Situation PFRS With State Health Local Government Retired Employees Plan

The following other postemployment benefit information is as of June 30, 2024 which is the latest information available. This information is eighteen months prior to December 31, 2025. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting regulatory basis statements of Municipal, County and Library's to be issued with unmodified opinions until such time current other postemployment benefit information is available.

Under Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to quality for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.
Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred inflows of resources or deferred outflows of resources to report in the financial statements of the local participating employers related to this legislation.

At December 31, 2024, the State's proportionate share of the net OPEB liability attributable to the Township for the PFRS special funding situation is $11,151,229 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is $(1,080,366).

NOTE 16. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED

The Township of Little Falls Length of Service Award Program (the Plan) was created by a Township ordinance adopted on August 7, 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 Township of Little Falls approved the adoption of the Plan at the general election held on November 7, 2000.

The first year of eligibility for entrance into the Plan was calendar year 2001. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Township 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 Township of Little Falls has contributed $1,350 for 2025 and 2024, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Township contributions were $36,213 and $37,849 for 2025 and 2024, respectively.

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

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

Vesting and Benefits

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

NOTE 16. LENGTH OF SERVICE AWARD PROGRAM (LOSAP) - UNAUDITED, (continued)

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township 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 Service. 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 Township's Trust Funds.

NOTE 17. TAX ABATEMENTS

As of December 31, 2025, the Township provides various long term tax abatements agreements with 105 properties. The full amount to be raised by taxes for support of each Government's budget is levied on properties not subject agreements, therefore there is no aggregate reduction of tax revenue to the Governments as a result of the abatement. These agreements were negotiated under the Long Term Tax Exemption Law, N.J.S.A. 40 A:20-1 et seq. (the "Law"), which authorizes municipalities to enter into financial agreements with Urban Renewal Entities. An Urban Renewal Entity is a limited-dividend entity or a nonprofit entity which undertakes redevelopment projects (both commercial and residential), relocation projects for residents displaced by the redevelopment area, and low and moderate income housing projects in return for tax exemptions, or payments in lieu of taxes referred to as "annual service charges".

The Law allows annual service charges to be calculated as a percentage of either gross revenue from each unit of the project or from total project cost, if the project is not undertaken in unites. In the case of low and moderate income housing projects, the annual service charge shall not exceed 15% of annual gross revenue or 2% of total project costs. The Township shall remit to the County of Passaic 5% of the annual service charge received each year.

Under the Law, abatements may provide for an exemption period of less than 30 years from the completion of the entire project or less than 35 years from the execution of the financial agreement. Further, Urban Renewal Entity profits are restricted, and any excess profits are payable to the municipality as an additional annual service charge.

The Law only allows for taxes on improvements to be abated. Taxes on land are billed quarterly to the Urban Renewal Entity and are credited against the annual service charges due. To administer the billing, the land value and improvement value of the abated property are separate line items in the tax assessment and collection records. The land value is billed quarterly at the total property tax rate. The improvement value is classified as exempt property (Class 15F), generating no bill.

The Township recognized revenue in the amount of $1,310,205 from these payment in lieu of taxes which is recorded as budgeted revenue in the Current Fund.

NOTE 17. SUBSEQUENT EVENTS

The Township has evaluated subsequent events through May 13, 2026, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

TOWNSHIP OF LITTLE FALLS

COMPARATIVE ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
CURRENT FUND

Assets	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Current Fund					
Cash	4,989,557	3,613,901	6,404,423	6,390,510	7,598,832
Cash - Change Fund	225	225	225	500	500
Due from State of N.J. (Ch. 73, P.L. 1971)					
Senior Citizens' and Veterans' Deductions	5,056	1,690	973	720	1,673
	4,994,838	3,615,816	6,405,621	6,391,730	7,601,005
Receivables and Other Assets with Full Reserves:					
Delinquent Property Taxes Receivable	1,032,281	986,128	905,868	964,621	786,458
Property Acquired for Taxes - Assessed Valuation	825,100	825,100	825,100	825,100	825,100
Tax Title Liens Receivable	131,389	120,779	110,666	100,705	90,733
Revenue Accounts Receivable	23,083	22,929	9,891	11,427	8,348
Interfunds Receivable	168,638	294,526	247,005	34,225	22,585
Prepaid Regional School Taxes		506,925		267,777	
PILOTS Receivable	184,101	124,742	104,563	87,869	
	2,364,592	2,881,129	2,203,093	2,291,724	1,733,224
Deferred Charges:					
Emergency Authorizations				365,000	150,000
Special Emergency Authorizations	372,174	674,348	976,522	1,098,696	1,395,870
	372,174	674,348	976,522	1,463,696	1,545,870
	7,731,604	7,171,293	9,585,236	10,147,150	10,880,099
Federal and State Grant Fund:					
Cash	57,945	12,022			
Interfund Receivable	321,598	321,294	246,599	1,034,378	1,010,551
Deferred Charges	26,275	229			
Grants Receivable	140,913	210,913	147,485	128,040	136,937
	546,731	544,458	394,084	1,162,418	1,147,488
Total Assets	8,278,335	7,715,751	9,979,320	11,309,568	12,027,587

TOWNSHIP OF LITTLE FALLS

COMPARATIVE ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
CURRENT FUND

Liabilities, Reserves and Fund Balance	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Appropriation Reserves	1,191,789	698,464	464,682	676,364	1,228,523
Encumbrances Payable	442,671	98,551	90,125	83,486	124,206
County Taxes Payable	35,487	19,141	103,432		41,015
Prepaid Taxes	395,528	314,916	324,845	321,760	297,651
Tax Overpayments	28,517			329	
School Taxes Payable	56,005	3	401,808	3	1,334,036
Prepaid PILOTS	13,807				
Miscellaneous Reserves	315,750	231,605	460,505	1,295,010	1,188,429
Interfunds Payable	1,584,401	1,103,823	1,396,372	1,669,455	1,269,328
Due to State of New Jersey	19,347	19,138	11,516	38,952	18,077
Accounts Payable	3,433	148			
	4,086,735	2,485,789	3,253,285	4,085,359	5,501,265
Reserve for Receivables and Other Assets	2,364,592	2,881,129	2,203,093	2,291,724	1,733,224
Fund Balance	1,280,277	1,804,375	4,128,858	3,770,067	3,645,610
	7,731,604	7,171,293	9,585,236	10,147,150	10,880,099
Federal and State Grant Fund:					
Appropriated Reserves	463,914	294,135	294,984	349,656	286,502
Unappropriated Reserves	97	146,385	99,100	801,296	818,402
Encumbrances	82,720	103,938		11,466	42,584
	546,731	544,458	394,084	1,162,418	1,147,488
Total Liabilities, Reserves and Fund Balance	8,278,335	7,715,751	9,979,320	11,309,568	12,027,587

TOWNSHIP OF LITTLE FALLS

COMPARATIVE OPERATIONS AND CHANGES IN FUND BALANCE
CURRENT FUND

	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Revenue and Other Income Realized:					
Fund Balance Utilized	1,140,000	2,800,000	2,278,000	1,970,000	1,405,400
Miscellaneous Revenue	6,800,635	6,362,516	5,854,867	4,861,808	4,407,508
Receipts from Delinquent Taxes	287,888	424,454	648,520	454,565	480,823
Receipts from Current Taxes	53,101,511	50,761,458	50,266,406	50,050,553	49,022,208
Non-Budget Revenue	1,203,334	392,094	490,771	1,227,303	385,575
Other Credits to Income:					
Unexpended Balance of Appropriation Reserves	156,292	382,297	647,210	1,044,061	796,257
Liabilities Canceled			1,031,041		
Interfund Returned	761	655	33,950	221	68,590
	62,690,421	61,123,474	61,250,765	59,608,511	56,566,361
Expenditures - Budget Appropriations:					
Appropriations:					
Salaries and Wages	9,511,545	9,137,078	8,427,180	8,030,793	7,861,334
Other Expenses	10,150,810	8,888,428	8,725,720	8,232,743	7,814,006
Deferred Charges and Statutory Expenditures	2,788,808	2,706,825	2,701,272	2,433,373	1,777,826
Capital Improvements	85,000	185,000	385,000	350,000	325,000
Municipal Debt Service	2,665,297	2,668,962	2,481,864	2,371,468	1,747,586
County Taxes	11,982,912	11,103,950	11,065,367	11,329,175	11,450,323
Local District School Tax	16,942,192	17,092,092	16,423,952	15,688,675	15,600,865
Regional High School Tax	7,703,726	8,141,096	8,100,733	8,980,751	7,795,207
Municipal Open Space Tax	77,439	77,077	77,044	77,255	76,997
Interfund advances	154,730	557,734	246,730	279,638	29,150
Grants Receivable Canceled				41,563	
Refunds	12,060	89,715	154,112	63,620	16,839
	62,074,519	60,647,957	58,788,974	57,879,054	54,495,133
Excess/(Deficit) in Revenue	615,902	475,517	2,461,791	1,729,457	2,071,228
Adjustment to Income Before Fund Balance:					
Expenditures Included Above Which are by Statute					
Deferred Charges to Budget of Succeeding Years			175,000	365,000	150,000
Statutory Excess to Fund Balance	615,902	475,517	2,636,791	2,094,457	2,221,228
Fund Balance, Beginning of Year	1,804,375	4,128,858	3,770,067	3,645,610	2,829,782
	2,420,277	4,604,375	6,406,858	5,740,067	5,051,010
Decreased by Utilization as Anticipated Revenue	1,140,000	2,800,000	2,278,000	1,970,000	1,405,400
Fund Balance, End of Year	1,280,277	1,804,375	4,128,858	3,770,067	3,645,610

TOWNSHIP OF LITTLE FALLS

COMPARATIVE ASSETS, LIABILITIES, RESERVES AND FUND BALANCE
GENERAL CAPITAL FUND

Assets	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Cash	981,849	407,344	2,107,927	2,199,791	3,508,289
Deferred Charges to Future Taxation:					
Funded	18,180,000	19,843,000	21,479,000	23,004,000	24,475,000
Unfunded	17,306,282	16,555,306	14,275,473	9,118,633	6,921,633
Grants Receivable	8,736,945	9,488,800	9,344,663	8,951,297	8,391,569
Deferred Charges	5,463				
Interfunds Receivable	1,184,548	686,390	1,130,843	620,234	167,046
	46,395,087	46,980,840	48,337,906	43,893,955	43,463,537
Liabilities, Reserves and Fund Balance					
General Serial Bonds	18,180,000	19,843,000	21,479,000	23,004,000	24,475,000
Bond Anticipation Notes	11,888,000	10,852,000	7,684,000	5,222,113	3,987,113
Contracts Payable	2,405,829	2,000,502	2,345,647	1,633,558	449,794
Improvement Authorizations:					
Funded	7,959,788	8,095,436	8,639,064	8,708,788	9,876,144
Unfunded	5,322,395	5,724,366	6,958,651	4,755,550	4,443,025
Capital Improvement Fund	174,850	224,850	256,350	208,850	63,850
Reserve for I & I	21,696	21,696	21,696	21,696	21,696
Reserve for Payment of Debt	415,082	215,082			20,000
Fund Balance	27,447	3,908	953,498	339,400	126,915
	46,395,087	46,980,840	48,337,906	43,893,955	43,463,537

TOWNSHIP OF LITTLE FALLS

COMPARATIVE SCHEDULE OF FUND BALANCE
GENERAL CAPITAL FUND

	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Fund Balance, Beginning of Year	3,908	953,498	339,400	126,915	37,250
Increased by:					
Premium on Debt Sale	23,539	3,908	88,275		124,524
Void Check				1,990	2,391
Cancellation of Ordinances			725,823	335,495	
	27,447	957,406	1,153,498	464,400	164,165
Decreased by:					
Budget Revenue		953,498	200,000	125,000	37,250
Fund Balance, End of Year	27,447	3,908	953,498	339,400	126,915

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APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX C

[PROPOSED FORM OF BOND COUNSEL OPINION]

September __, 2026

Township Council
Township of Little Falls
County of Passaic
State of New Jersey

Dear Council Members:

We have acted as bond counsel in connection with the issuance of a $15,000,000 Bond Anticipation Note (the "Note") by the Township of Little Falls, a municipal corporation of the State of New Jersey, located in the County of Passaic (the "Township"). The Note is dated September 17, 2026, is payable September 17, 2027, bears interest from its date at the rate of _____% per annum, payable at maturity, and is numbered 26-1R.

The Note has been issued pursuant to the Local Bond Law (Chapter 2 of Title 40A of the New Jersey Statutes, as amended) and pursuant to and in anticipation of the issuance of bonds authorized by thirty-two bond ordinances adopted by the Township Council of the Township on May 24, 2021 (six ordinances: Ord. Nos. 1407, 1408, 1409, 1410, 1411 and 1412), April 25, 2022 (five ordinances: Ord. Nos. 1437, 1438, 1439, 1440 and 1441), May 22, 2023 (Ord. No. 1459), June 26, 2023 (four ordinances: Ord. Nos. 1460, 1461, 1462 and 1463), July 24, 2023 (Ord. No. 1465), October 16, 2023 (three ordinances: Ord. Nos. 1471, 1472 and 1473), April 8, 2024 (Ord. No. 1478), April 29, 2024 (nine ordinances: Ord. Nos. 1483, 1484, 1485, 1486, 1487, 1488, 1489, 1490 and 1491), September 29, 2025 (Ord. No. 1528) and August 10, 2026 (Ord. No. 1549) (the "Bond Ordinances") to finance the making of various public improvements in, by and for the Township.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Note in order that interest on the Note be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. Such requirements include requirements relating to the use and investment of proceeds of the Note and other amounts and to the rebate of certain arbitrage earnings to the United States. Noncompliance by the Township with such requirements may cause interest on the Note to be included in gross income of the owners thereof retroactive to the date of issuance of the Note, regardless of when such noncompliance occurs.

The Township has covenanted, to the extent permitted by the Constitution and the laws of the State of New Jersey, to do and perform all acts and things permitted by law and necessary to assure that interest paid on the Note be and remain excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. The Township's Tax Certificate (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Note, will contain provisions and procedures regarding compliance with the requirements of the Code. The Township, in executing the Tax Certificate, will certify to the effect that the Township expects and intends to comply with the provisions and procedures contained therein.

As bond counsel, we have examined certified copies of the Bond Ordinances and a copy of the form of Note. We have also examined originals (or copies certified or otherwise identified to our satisfaction) of such other instruments, certificates and documents as we have deemed necessary or appropriate for the purpose of the opinion rendered below, including the Tax Certificate executed by the Chief Financial Officer of the Township of even date herewith. We have assumed the accuracy of the factual information and the truthfulness of the expectations set forth in the Tax Certificate and any exhibits thereto. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion, we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents. We have relied, as to the execution and delivery of the Note, on a certificate of the Township.

We have not prepared nor have we verified the accuracy, completeness or fairness of (i) the information set forth in the Official Statement prepared by the Township in connection with the sale and issuance of the Notes, or (ii) other documents of the Township delivered to the purchaser of the Notes, and we take no responsibility therefor.

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

1. The Note has been duly authorized, executed and delivered and constitutes a valid and legally binding obligation of the Township enforceable in accordance with its terms, except as enforcement of the Note may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation or other laws relating to or affecting the enforcement of creditors' rights generally now or hereafter in effect to the extent constitutionally applicable, and enforcement may also be subject to the exercise of judicial discretion in certain cases.

2. The Township has pledged its full faith and credit to the payment of the principal of and interest on the Note, and unless paid from other sources, the Township is authorized and required by law to levy on all real property taxable by the Township such ad valorem taxes as may be necessary to pay the Note and the interest thereon, without limitation as to rate or amount.

3. Assuming compliance by the Township with its Tax Certificate, under existing law, interest on the Note is excluded from gross income of the owners thereof for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the Note is not treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals; however, interest on the Note that is included in the "adjusted financial statement income" of certain corporations is not excluded from the Federal corporate alternative minimum tax. In addition, under the New Jersey Gross Income Tax Act, as enacted and construed on the date hereof, interest on the Note and any gain from the sale of the Note are not includable in gross income of the holders thereof.

Very truly yours,

Rogut McCarthy LLC

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