

TOWNSHIP OF LITTLE FALLS
PASSAIC COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF LITTLE FALLS

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
Independent Auditor's Report		1-3
Financial Statements		
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	6-7
A-2	Statement of Revenues – Regulatory Basis – Current Fund	8-10
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	11-17
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	18-19
B-1	Statement of Revenues – Regulatory Basis – Open Space Trust Fund	20
B-2	Statement of Expenditures – Regulatory Basis – Open Space Trust Fund	20
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	21
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis – General Capital Fund	22
D	Comparative Balance Sheets – Regulatory Basis - Public Assistance Fund	23
E	Comparative Balance Sheets – Regulatory Basis - General Fixed Assets Account Group	24
Notes to Financial Statements		25-58
Supplementary Schedules		
<u>Current Fund</u>		
A-4	Statement of Cash - Treasurer	59
A-5	Statement of Cash - Tax Collector	60
A-6	Statement of Change Funds	60
A-7	Statement of Petty Cash Funds	60
A-8	Statement of Due To (From) State of New Jersey Senior Citizens' and Veterans Deductions	61
A-9	Statement of Taxes Receivable and Analysis of Property Tax Levy	62
A-10	Statement of Tax Title Liens	63
A-11	Statement of Property Acquired for Taxes (At Assessed Valuation)	63
A-12	Statement of Revenue Accounts Receivable	64
A-13	Statement of Special Emergency Authorizations	65
A-14	Statement of Prepaid Taxes	65
A-15	Statement of Fees Payable	65
A-16	Statement of 2015 Appropriation Reserves	66-67
A-17	Statement of Miscellaneous Reserves	68
A-18	Statement of Encumbrances Payable	68
A-19	Statement of Grants Receivable	69

TOWNSHIP OF LITTLE FALLS

TABLE OF CONTENTS (Continued)

Exhibits

Page

Supplementary Schedules (Continued)

Current Fund (Continued)

A-20	Statement of Tax Overpayments	69
A-21	Statement of Local District School Taxes Payable	70
A-22	Statement of Regional High School Taxes Payable	70
A-23	Statement of County Taxes Payable	71
A-24	Statement of Reserve for Grants and Aid – Unappropriated	71
A-25	Statement of Reserve for Grants – Appropriated	72
A-26	Statement of Open Space Taxes Payable	73
A-27	Statement of Prepaid School Taxes	73
A-28	Statement of Overexpenditure of Appropriations	73

Trust Funds

B-3	Statement of Trust Cash - Treasurer	74
B-4	Statement of Due To Current Fund - Animal Control Trust Fund	75
B-5	Statement of Reserve for Animal Control Fund Expenditures – Animal Control Trust Fund	75
B-6	Statement of Due to the State of New Jersey – Animal Control Trust Fund	75
B-7	Statement of Due (Due to) Current Fund – Other Trust Fund	76
B-8	Statement of Reserve for Inspection Fees – Other Trust Fund	76
B-9	Statement of Reserve for Escrow Deposits – Other Trust Fund	76
B-10	Statement of Miscellaneous Reserves – Other Trust Fund	77
B-11	Statement of Building Surcharge Fees – Due to State of New Jersey – Other Trust Fund	77
B-12	Statement of Due to Outside Lienholders – Other Trust Fund	77
B-13	Statement of Reserve for Deductions Payable – Other Trust Fund	78
B-14	Statement of Reserve for Payroll Deposits – Other Trust Fund	78
B-15	Statement of Reserve for Unemployment Compensation Insurance – Unemployment Compensation Insurance Trust Fund	78
B-16	Statement of Due to the State of New Jersey Unemployment Compensation Insurance Trust Fund	79
B-17	Statement of Due to Current Fund – Unemployment Compensation Insurance Trust Fund	79
B-18	Statement of Reserve for Affordable Housing – Affordable Housing Trust Fund	79
B-19	Statement of Due From Current Fund – Open Space Trust Fund	80
B-20	Statement of Reserve for Open Space – Open Space Trust Fund	80

General Capital Fund

C-2	Statement of General Capital Cash	81
C-3	Analysis of General Capital Cash	82

TOWNSHIP OF LITTLE FALLS

TABLE OF CONTENTS (Continued)

Exhibits

Page

Supplementary Schedules (Continued)

General Capital Fund

C-4	Statement of Due From Current Fund	83
C-5	Statement of Deferred Charges to Future Taxation – Funded	83
C-6	Statement of Deferred Charges to Future Taxation - Unfunded	84
C-7	Statement of Capital Improvement Fund	85
C-8	Statement of Contracts Payable	85
C-9	Statement of Improvement Authorizations	86-87
C-10	Statement of Serial Bonds	88
C-11	Statement of Accounts Receivable – Residential Share	89
C-12	Statement of Grants Receivable	89
C-13	Statement of Reserve for Library Roof/Due to Library	89
C-14	Statement of Reserve for Grants Receivable	90
C-15	Statement of Reserve for I&I	90
C-16	Statement of Bond Anticipation Notes	91
C-17	Statement of Overexpenditure of Ordinance Appropriation	92
C-18	Statement of Reserve for Payment of Debt	92
C-19	Statement of Reserve for CDBG	92
C-20	Statement of Amount Due from Open Space Trust Fund	92
C-21	Statement of Bonds and Notes Authorized But Not Issued	93

Public Assistance Fund

D-1	Statement of Public Assistance Cash	94
D-2	Statement of Reserve for Public Assistance Fund	94
D-3	Statement of Public Assistance Revenues	95
D-4	Statement of Public Assistance Expenditures	95

PART II – Government Auditing Standards and Single Audit

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor's Report	96-97
Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures Of Federal Awards Required by U.S. OMB Uniform Guidance - Independent Auditor's Report	98-100
Schedule of Expenditures of Federal Awards, Schedule A	101
Schedule of Expenditures of State Financial Assistance, Schedule B	102-103
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	104-105
Schedule of Findings and Questioned Costs	106-110

TOWNSHIP OF LITTLE FALLS

TABLE OF CONTENTS (Continued)

Page

PART III – Supporting Data and Letter of Comments and Recommendations

Comparative Statement of Operations and Changes in Fund Balance - Current Fund	111
Comparative Schedule of Tax Rate Information	112
Comparison of Tax Levies and Collection Currently	112
Delinquent Taxes and Tax Title Liens	113
Property Acquired by Tax Title Lien Liquidation	113
Comparative Schedule of Fund Balances	113
Officials in Office and Surety Bonds	114
General Comments	115-117
Recommendations	118

TOWNSHIP OF LITTLE FALLS

COUNTY OF PASSAIC

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2016



LERCH, VINCI & HIGGINS. LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

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, 2016 and 2015, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Little Falls as of December 31, 2016 and 2015, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Award Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Township’s financial statements as of and for the years ended December 31, 2016 and 2015. The LOSAP Trust Fund financial activities are included in the Township’s Trust Funds, and represent 53 percent and 49 percent of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2016 and 2015.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Township of Little Falls as of December 31, 2016 and 2015, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2016 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Township of Little Falls as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Township of Little Falls.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

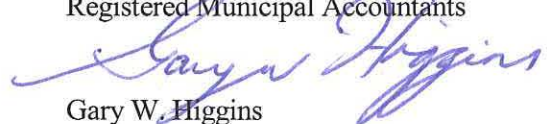
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 5, 2017 on 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.



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



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
June 5, 2017

TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Cash	A-4	\$ 4,411,917	\$ 5,793,661
Cash - Change Funds	A-6	500	500
Due from State of New Jersey			
Veterans' and Senior Citizens' Deductions	A-8	1,554	
Grants Receivable	A-19	<u>10,979</u>	<u>1,895</u>
		<u>4,424,950</u>	<u>5,796,056</u>
Receivables and Other Assets With Full Reserves			
Taxes Receivable	A-9	683,638	685,744
Tax Title Liens Receivable	A-10	122,206	89,335
Property Acquired for Taxes at Assessed Valuation	A-11	825,100	825,100
Revenue Accounts Receivable	A-12	15,216	18,041
Prepaid School Taxes	A-27	-	93,717
Due from Unemployment Compensation Insurance Trust Fund	B-17	2,042	2,042
Due from Other Trust Fund	B-7	160,342	395,954
Due from Animal Control Trust Fund	B-4	<u>17,631</u>	<u>14,216</u>
		<u>1,826,175</u>	<u>2,124,149</u>
Deferred Charges			
Special Emergency Authorizations	A-13	3,400	6,800
Overexpenditure of Appropriations	A-28	<u>1,489</u>	<u>-</u>
		<u>4,889</u>	<u>6,800</u>
Total Assets		<u><u>\$ 6,256,014</u></u>	<u><u>\$ 7,927,005</u></u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-16	\$ 850,560	\$ 583,364
Due to State of New Jersey			
Veterans' and Senior Citizens' Deductions	A-8	-	2,147
Encumbrances Payable	A-18	278,815	122,993
Prepaid Taxes	A-14	212,486	181,760
Miscellaneous Reserves	A-17	1,457	1,457
Tax Overpayments	A-20	9,143	49,374
Due to Open Space Trust Fund	B-19	140,342	140,156
Reserve for Grants and Aid - Unappropriated	A-24	69,050	81,954
Reserve for Grants and Aid - Appropriated	A-25	190,506	142,994
Due to General Capital Fund	C-4	1,847,991	3,967,629
County Taxes Payable	A-23	31,147	14,918
Regional High School Taxes Payable	A-22	-	5,469
Fees Payable	A-15	456	200
		<u>3,631,953</u>	<u>5,294,415</u>
Reserve for Receivables	A	1,826,175	2,124,149
Fund Balance	A-1	<u>797,886</u>	<u>508,441</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,256,014</u>	<u>\$ 7,927,005</u>

TOWNSHIP OF LITTLE FALLS
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 350,000	\$ 538,000
Miscellaneous Revenue Anticipated	A-2	3,948,901	5,695,057
Receipts from Delinquent Taxes	A-2	682,745	540,435
Receipts from Current Taxes	A-2	45,637,372	44,918,428
Non-Budget Revenue	A-2	436,234	626,990
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-16	330,225	252,657
Encumbrances Payable Cancelled	A-1	-	5,104
		<hr/>	<hr/>
Total Income		51,385,477	52,576,671
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	5,858,700	5,371,450
Other Expenses	A-3	6,855,155	6,628,688
Capital Improvements	A-3	101,489	60,000
Debt Service	A-3	2,677,717	2,640,982
Deferred Charges and Statutory Expenditures	A-3	1,236,701	3,534,370
Local District School Tax	A-21	14,155,957	13,673,215
Regional High School Tax	A-22	7,298,095	7,488,091
County Taxes	A-23	12,130,531	12,354,054
Due County for Added and Omitted Taxes	A-23	31,147	14,918
County Open Space Taxes	A-23	163,977	164,896
Municipal Open Space Taxes Payable	A-26	74,295	74,208
Prior Year Tax Appeals Granted	A-1	-	81,738
Interfunds Created	A	163,757	265,115
Grants Receivable Cancelled	A-1	-	23,229
Reserve Created for Prepaid School Taxes	A-1	-	93,717
Prior Year Deductions Disallowed	A-1	-	250
		<hr/>	<hr/>
Total Expenditures		50,747,521	52,468,921
Excess in Revenue			
		637,956	107,750

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF LITTLE FALLS
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Excess in Revenue (Carried Forward)	A-1	\$ 637,956	\$ 107,750
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by			
Statute Deferred Charges to Budget			
of Succeeding Year	A-3,A-28	<u>1,489</u>	<u>-</u>
Statutory Excess to Fund Balance		639,445	107,750
Fund Balance, January 1	A	<u>508,441</u>	<u>938,691</u>
		1,147,886	1,046,441
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>350,000</u>	<u>538,000</u>
Fund Balance, December 31	A	<u>\$ 797,886</u>	<u>\$ 508,441</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF LITTLE FALLS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Reference</u>	2016 Anticipated <u>Budget</u>	Added N.J.S. <u>40A:4-87</u>	2016 <u>Realized</u>	Excess or <u>(Deficit)</u>
Surplus Anticipated		\$ 350,000	-	\$ 350,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	34,005		29,665	\$ (4,340)
Other	A-12	39,867		54,502	14,635
Fees and Permits					
Other	A-2	66,072		79,952	13,880
Fines and Costs					
Municipal Court	A-12	249,681		280,304	30,623
Interest and Costs on Taxes	A-12	142,000		172,518	30,518
Interest on Investments and Deposits	A-2	23,403		13,982	(9,421)
Recreation Fees	A-12	77,896		87,888	9,992
Energy Receipts Tax	A-12	1,251,104		1,251,104	-
Consolidated Municipal Property Tax					
Relief Act	A-12	30,959		30,959	-
Watershed Aid	A-17	1,457		1,457	-
Reserve for Garden State Trust Fund	A-12	4,509		4,509	-
Uniform Construction Code Fees	A-12	191,318		269,296	77,978
EMS Fees	A-12	275,000		104,489	(170,511)
Special Items of General Revenue					
Anticipated With Prior Written Consent of Director of the Division of Local Government Services					
State and Federal Revenues Offset with					
Appropriations					
Municipal Alliance on Alcoholism	A-19	-	\$ 22,440	22,440	
Safe Corridors	A-24	74,530		74,530	
Alcohol Education and Rehabilitation Fund	A-24	2,063		2,063	
Drunk Driving Enforcement Fund	A-24	5,361		5,361	
Body Armor Grant	A-19		2,665	2,665	
Bulletproof Vest Fund	A-19		2,532	2,532	
Clean Communities	A-19		25,046	25,046	

TOWNSHIP OF LITTLE FALLS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Reference</u>	<u>2016 Anticipated Budget</u>	<u>Added N.J.S. 40A:4-87</u>	<u>2016 Realized</u>	<u>Excess or (Deficit)</u>
Special Items of General Revenue					
Anticipated With Prior Written Consent of Director of the Division of Local Government Services (Continued)					
Other Special Items:					
Uniform Fire Safety Act	A-12	\$ 15,000		\$ 17,229	\$ 2,229
Montclair University Sewer Fees	A-12	200,000		118,217	(81,783)
Floyd Hall Pilot Payments	A-12	60,000		101,949	41,949
General Capital Fund Balance	C-4	4,000		4,000	
General Capital Reserve for Debt Service	C-4	229,350		229,350	
Due from Other Trust Fund	B-7	395,954		395,954	-
Due from Animal Control Trust Fund	B-4	14,216		-	(14,216)
Reserve for Prepaid School Taxes	A-27	93,717		93,717	-
Montclair University Fire Alarm Fees	A-12	43,360		37,600	(5,760)
IRS Contribution - Debt Service	A-12	66,051		72,646	6,595
Payments in Lieu of Taxes - Montclair State	A-12	58,849		58,849	-
Cable TV Franchise Fee	A-12	176,296		182,828	6,532
Sewer Service Fees	A-12	142,000	-	121,300	(20,700)
Total Miscellaneous Revenues		<u>3,968,018</u>	<u>\$ 52,683</u>	<u>3,948,901</u>	<u>(71,800)</u>
Receipts from Delinquent Taxes	A-9	<u>685,000</u>	<u>-</u>	<u>682,745</u>	<u>(2,255)</u>
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-2	11,860,672		11,941,507	80,835
Library Purposes	A-2	544,183	-	544,183	-
		<u>12,404,855</u>	<u>-</u>	<u>12,485,690</u>	<u>80,835</u>
Budget Totals		<u>\$ 17,407,873</u>	<u>\$ 52,683</u>	<u>17,467,336</u>	<u>\$ 6,780</u>
Nonbudget Revenue	A-1,2			<u>436,234</u>	
				<u>\$ 17,903,570</u>	

TOWNSHIP OF LITTLE FALLS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>Reference</u>	<u>2016</u>
Allocation of Current Tax Collections		
Revenue From Collections	A-9	\$ 45,637,372
Allocated to		
School and County Taxes	A-21,A-22,A-23, A-26	<u>33,876,682</u>
Balance for Support of Municipal Budget Appropriations		11,760,690
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>725,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 12,485,690</u>
Fees and Permits - Other		
Township Clerk	A-12	\$ 11,306
Department of Public Works - Road Opening/Sidewalk/Sewer	A-12	16,838
Police	A-12	2,732
Fire Prevention	A-12	<u>49,076</u>
	A-2	<u>\$ 79,952</u>
Interest on Investments and Deposits		
Collected in Current Fund	A-12	\$ 8,751
Due from Other Trust Fund	B-7	4,359
Due from General Capital Fund	C-4	<u>872</u>
	A-2	<u>\$ 13,982</u>
Non-Budget Revenue		
Admin. Fee - Senior Citizen's and Veteran Deductions		\$ 1,982
Statutory Excess - Animal Control		3,415
FEMA		16,576
Police Outside Duty Fees		95,000
Garage Sales		345
Insurance Reimbursements		11,547
Miscellaneous		<u>307,369</u>
	A-2	<u>\$ 436,234</u>
<u>Analysis of Non-Budget Revenue</u>		
Due from Animal Control Trust Fund -		
Statutory Excess	B-4	\$ 3,415
Due from Other Trust Fund	B-7	95,000
Cash Receipts	A-4	<u>337,819</u>
	A-2	<u>\$ 436,234</u>

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>2016 Appropriated</u>		<u>2016 Expended</u>			
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Overexpenditure</u>	<u>Cancelled</u>
		<u>Modification</u>	<u>Charged</u>			
OPERATIONS - WITHIN "CAPS"						
GENERAL GOVERNMENT						
General Administration						
Salaries and Wages	\$ 70,000	\$ 60,000	\$ 52,086	\$ 7,914		
Other Expenses	11,000	11,000	8,090	2,910		
Mayor and Council						
Other Expenses	1,000	1,000	701	299		
Municipal Clerk						
Salaries and Wages	140,000	140,000	138,383	1,617		
Other Expenses	78,000	78,000	60,726	17,274		
Financial Administration						
Salaries and Wages	135,000	145,000	144,418	582		
Other Expenses	67,200	57,200	39,582	17,618		
Audit Services						
Other Expenses	42,000	42,000	36,300	5,700		
Assessment of Taxes						
Salaries and Wages	46,000	46,000	45,159	841		
Other Expenses	24,690	24,690	21,146	3,544		
Revenue Administration (Tax Collection)						
Salaries and Wages	92,000	92,000	90,982	1,018		
Other Expenses	21,450	31,450	27,402	4,048		
Legal Services and Costs						
Other Expenses	250,000	250,000	242,039	7,961		
Engineering Services and Costs						
Other Expenses	86,000	101,000	98,993	2,007		
LAND USE ADMINISTRATION						
Planning Board						
Salaries and Wages	5,000	5,000	4,554	446		
Other Expenses	20,500	20,500	17,771	2,729		
INSURANCE						
Liability	10,500	10,500	6,380	4,120		
Liability - NJIIF	280,000	280,000	277,397	2,603		
Workers Compensation -NJIIF	215,000	215,000	207,812	7,188		
Employee Group Health	1,091,370	1,091,370	1,091,113	257		
Unemployment Insurance	22,000	22,000	22,000	-		

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>2016 Appropriated</u>		<u>2016 Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpenditure</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)						
PUBLIC SAFETY						
Police						
Salaries and Wages - Sworn Officers	\$ 2,836,000	\$ 2,836,000	\$ 2,835,563	\$ 437		
Salaries and Wages - Dispatch	200,000	200,000	185,799	14,201		
Salaries and Wages - Civilian Employees	198,500	198,500	185,441	13,059		
Other Expenses	136,500	136,500	116,533	19,967		
Acquisition of Police Cars	36,000	46,000	39,271	6,729		
Fire Department						
Salaries and Wages	90,000	90,000	89,878	122		
Other Expenses	209,300	209,300	179,725	29,575		
Fire Prevention						
Salaries and Wages	80,000	80,000	75,760	4,240		
Other Expenses	5,000	5,000	3,968	1,032		
Ambulance						
Salaries and Wages	40,000	40,000	26,217	13,783		
Other Expenses	49,250	49,250	46,944	2,306		
Fire Hydrant Service						
Other Expenses	180,000	180,000	158,024	21,976		
Emergency Management Services						
Salaries and Wages	12,000	12,000	12,000	-		
Other Expenses	11,700	11,700	8,312	3,388		
Municipal Prosecutor						
Salaries and Wages	19,000	19,000	18,834	166		
PUBLIC WORKS						
Streets and Roads Maintenance						
Salaries and Wages	940,000	940,000	883,540	56,460		
Other Expenses	188,000	188,000	187,922	78		
Other Public Works Functions (Shade Tree)						
Salaries and Wages	1,200	1,200	1,200	-		
Other Expenses	14,670	14,670	12,487	2,183		
Solid Waste Collection						
Salaries and Wages	63,000	63,000	58,865	4,135		
Other Expenses	504,000	494,000	484,019	9,981		
Public Buildings and Grounds						
Other Expenses	110,000	120,000	116,743	3,257		
Vehicle Maintenance (Including Police)						
Salaries and Wages	80,000	80,000	74,560	5,440		
Other Expenses	111,500	101,500	87,760	13,740		
Community Services Act	18,000	18,000	7,079	10,921		

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>2016 Appropriated</u>		<u>2016 Expended</u>			
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Overexpenditure</u>	<u>Cancelled</u>
		<u>Modification</u>	<u>Charged</u>			
OPERATIONS - WITHIN "CAPS" (Cont'd)						
HEALTH & HUMAN SERVICES						
Board of Health						
Other Expenses	\$ 108,525	\$ 108,525	\$ 105,665	\$ 2,860		
Flood Board						
Other Expenses	150	150	63	87		
Administration of Public Assistance						
Salaries and Wages	13,000	13,000	12,913	87		
Other Expenses	500	500	100	400		
PARK AND RECREATION						
Recreation Services and Programs						
Salaries and Wages	140,000	140,000	139,895	105		
Other Expenses	61,800	61,800	47,083	14,717		
Senior Citizens' Transportation						
Other Expenses	2,800	2,800	1,375	1,425		
Senior Citizens' Activities						
Salaries and Wages	23,000	23,000	21,172	1,828		
Other Expenses	3,000	3,000	2,210	790		
PEOSHA Mandated Costs						
Physical Exam - Volunteer Fire Department	7,500	7,500	3,950	3,550		
STATE UNIFORM CONSTRUCTION CODE						
(52:27D-120 et seq.)						
Construction Code Official						
Salaries and Wages	128,500	128,500	128,467	33		
Other Expenses	22,300	17,300	9,084	8,216		
Sub-Code Official						
Plumbing Inspectors						
Salaries and Wages	15,500	15,500	15,187	313		
Electrical Inspection						
Salaries and Wages	16,000	16,000	15,750	250		
UTILITY EXPENSES AND BULK PURCHASES						
Utilities						
Street Lighting	112,000	97,000	88,517	8,483		
Telephone	100,000	110,000	107,318	2,682		
Gas (Natural or Propane)	285,000	278,000	227,632	50,368		
Water	27,500	29,500	27,882	1,618		

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>2016 Appropriated</u>		<u>2016 Expended</u>			
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Overexpenditure</u>	<u>Cancelled</u>
		<u>Modification</u>	<u>Charged</u>			
OPERATIONS - WITHIN "CAPS" (Cont'd)						
UTILITY EXPENSES AND BULK PURCHASES (cont'd)						
Utilities (Continued)						
Fuel Oil (Diesel)	\$ 65,000	\$ 65,000	\$ 16,000	\$ 49,000		
Gasoline	88,000	88,000	47,160	40,840		
Landfill/Solid Waste Disposal Costs	350,000	350,000	346,125	3,875		
OTHER COMMON OPERATING FUNCTIONS						
(UNCLASSIFIED)						
Celebration of Events						
Other Expenses	3,500	3,500	3,500	-		
Salaries Adjustment	50,000	50,000		50,000		
Municipal Court						
Salaries and Wages	150,000	150,000	149,909	91		
Other Expenses	32,400	32,400	32,075	325		
Public Defender (P.L. 1977, C. 256)						
Other Expenses	4,200	4,200	4,200	-	-	-
Total Operations Within "CAPS"	10,652,505	10,652,505	10,082,710	569,795	-	-
Detail:						
Salaries and Wages	5,583,700	5,583,700	5,406,532	177,168	-	-
Other Expenses	5,068,805	5,068,805	4,676,178	392,627	-	-
Deferred Charges and Statutory Expenditures -						
Municipal Within "CAPS"						
Overexpenditure of Ordinance	56,538	56,538	56,538	-		
Prior Year Bills - Engineering	22,959	22,959	22,959			
Statutory Charges						
Social Security System (O.A.S.I.)	268,000	267,900	248,512	19,388		
Public Employees Retirement System	269,026	269,026	269,026	-		
Police and Fireman's Retirement System	611,528	611,628	611,552	76		
Defined Contribution Retirement Program	250	250	-	250		
Pension Volunteer Fireman's Widow						
(NJS 43:12-38)	5,000	5,000	5,000	-	-	-
Total Deferred Charges & Statutory Expenditures -						
Municipal Within "CAPS"	1,233,301	1,233,301	1,213,587	19,714	-	-
Total General Appropriations for Municipal						
Purposes Within "CAPS"	11,885,806	11,885,806	11,296,297	589,509	-	-

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>2016 Appropriated</u>		<u>2016 Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpenditure</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"						
Sewer Contracts (Ch. 10, P.L. 1977)						
Passaic Valley Sewer Commission	\$ 930,000	\$ 930,000	\$ 926,342	\$ 3,658		
Second River Joint Meeting	5,500	5,500	4,811	689		
Third River Joint Meeting	1,500	1,500	1,248	252		
Township of Montclair	25,000	25,000	-	25,000		
City of Clifton	7,500	7,500	-	7,500		
EDUCATIONAL FUNCTIONS						
Maintenance of Free Public Library (Ch. 82, 541 P.L. 85)	544,183	544,183	544,183	-		
LOSAP	105,000	105,000	-	105,000		
Employee Group Health	18,630	18,630	18,630			
Recycling Tax	14,400	14,400	14,307	93		
Emergency Medical Services						
Salaries and Wages	275,000	275,000	162,823	112,177	-	-
Total Other Operations Excluded from "CAPS"	1,926,713	1,926,713	1,672,344	254,369	-	-
Public and Private Programs Offset by Revenues						
Bulletproof Vest Fund		2,532	2,532	-		
Body Armor Grant		2,665	2,665			
Clean Communities		25,046	25,046	-		
Drunk Driving Enforcement Fund	5,361	5,361	5,361			
Municipal Alliance Program		22,440	22,440	-		
Safe Corridors	74,530	74,530	74,530	-		
Alcohol Education and Rehabilitation Fund	2,063	2,063	2,063	-	-	-
Total Public and Private Programs Offset by Revenues	81,954	134,637	134,637	-	-	-
Total Operations Excluded from "CAPS"	2,008,667	2,061,350	1,806,981	254,369	-	-
Detail:						
Salaries and Wages	275,000	275,000	162,823	112,177		
Other Expenses	1,733,667	1,786,350	1,644,158	142,192	-	-
CAPITAL IMPROVEMENTS						
Capital Improvement Fund	75,000	75,000	76,489		\$ 1,489	
Acquisition of Computers	25,000	25,000	18,318	6,682	-	-
Total Capital Improvements	100,000	100,000	94,807	6,682	1,489	-

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>2016 Appropriated</u>		<u>2016 Expended</u>			
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpenditure</u>	<u>Cancelled</u>
MUNICIPAL DEBT SERVICE						
Payment of Bond Principal	\$ 1,585,000	\$ 1,585,000	\$ 1,585,000			
Payment of BANS and Capital Notes	445,000	445,000	442,373			\$ 2,627
Interest on Notes	55,000	55,000	54,894			106
Interest on Bonds	<u>600,000</u>	<u>600,000</u>	<u>595,450</u>	<u>-</u>	<u>-</u>	<u>4,550</u>
Total Municipal Debt Service	<u>2,685,000</u>	<u>2,685,000</u>	<u>2,677,717</u>	<u>-</u>	<u>-</u>	<u>7,283</u>
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"						
Special Emergency Authorizations-5 Years (N.J.S. 40A:4-55)	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>3,400</u>	<u>3,400</u>	<u>3,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations - Excluded from "CAPS"	<u>4,797,067</u>	<u>4,849,750</u>	<u>4,582,905</u>	<u>\$ 261,051</u>	<u>\$ 1,489</u>	<u>7,283</u>
Subtotal General Appropriations	16,682,873	16,735,556	15,879,202	850,560	1,489	7,283
Reserve for Uncollected Taxes	<u>725,000</u>	<u>725,000</u>	<u>725,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 17,407,873</u>	<u>\$ 17,460,556</u>	<u>\$ 16,604,202</u>	<u>\$ 850,560</u>	<u>\$ 1,489</u>	<u>\$ 7,283</u>
Reference	A-2			A	A-28	

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

	<u>Reference</u>	Budget After Modification	Paid or Charged
Budget as Adopted	A-2	\$ 17,407,873	
Added by N.J.S. 40A:4-87	A-2	<u>52,683</u>	
		<u>\$ 17,460,556</u>	
Cash Disbursed, Net of Refunds	A-4		\$ 14,832,055
Reserve for Uncollected Taxes	A-2		725,000
Deferred Charges			
Special Emergency Authorizations	A-13		3,400
Due to General Capital Fund - Paid by General Capital	C-4		497,268
Due to General Capital Fund	C-4		133,027
Grant Appropriated Reserves	A-25		134,637
Encumbrances Payable	A-18		<u>278,815</u>
			<u>\$ 16,604,202</u>

**TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Animal Control Trust Fund			
Cash	B-3	\$ 23,192	\$ 20,239
Other Trust Fund			
Cash	B-3	740,849	958,422
Unemployment Compensation Insurance Trust Fund			
Cash	B-3	26,409	13,036
Affordable Housing Trust Fund			
Cash	B-3	44,860	37,892
Open Space Trust Fund			
Cash	B-3	218,939	169,491
Due From Current Fund	B-19	140,342	140,156
		359,281	309,647
Length of Service Award Program Trust Fund (Unaudited)			
Investments	B	1,295,669	1,216,647
Contribution Receivable	B	74,900	86,250
		1,370,569	1,302,897
Total Assets		\$ 2,565,160	\$ 2,642,133

**TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
LIABILITIES AND RESERVES			
Animal Control Trust Fund			
Due to Current Fund	B-4	\$ 17,631	\$ 14,216
Reserve for Animal Control Fund Expenditures	B-5	5,535	6,011
Due to State of New Jersey	B-6	<u>26</u>	<u>12</u>
		<u>23,192</u>	<u>20,239</u>
Other Trust Fund			
Reserve (Deficit) for Inspection Fees	B-8	(484)	2,273
Reserve for Escrow Deposits	B-9	103,698	94,531
Miscellaneous Reserves	B-10	454,781	455,528
Building Surcharge Fees - Due to State of New Jersey	B-11	22,976	5,846
Due to Outside Lien Holders	B-12	-	3,376
Due to Current Fund	B-7	160,342	395,954
Reserve for Payroll Deductions Payable	B-13	34,375	3,201
Reserve (Deficit) for Payroll Deposits	B-14	<u>(34,839)</u>	<u>(2,287)</u>
		<u>740,849</u>	<u>958,422</u>
Unemployment Compensation Insurance Trust Fund			
Reserve for Unemployment Compensation Insurance	B-15	24,092	10,754
Due to the State of New Jersey	B-16	275	240
Due to Current Fund	B-17	<u>2,042</u>	<u>2,042</u>
		<u>26,409</u>	<u>13,036</u>
Affordable Housing Trust Fund			
Reserve for Affordable Housing	B-18	<u>44,860</u>	<u>37,892</u>
Open Space Trust Fund			
Due to General Capital Fund	C-20	-	25,000
Reserve for Open Space	B-20	<u>359,281</u>	<u>284,647</u>
		<u>359,281</u>	<u>309,647</u>
Length of Service Award Program Trust Fund (Unaudited)			
Reserve for LOSAP	B	<u>1,370,569</u>	<u>1,302,897</u>
Total Liabilities and Reserves		<u>\$ 2,565,160</u>	<u>\$ 2,642,133</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Reference</u>	<u>2016 Budget (Memorandum)</u>	<u>2016 Realized</u>	<u>Excess or (Deficit)</u>
Amount to be Raised by Taxation	B-20	\$ 74,109	\$ 74,295	\$ 186
		<u>\$ 74,109</u>	<u>74,295</u>	<u>\$ 186</u>
Non-Budget Revenue	B-20		339	
			<u>\$ 74,634</u>	
Analysis of Non-Budget Revenue				
Interest on Deposits			<u>\$ 339</u>	

**STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Reference</u>	<u>2016 Budget (Memorandum)</u>	<u>2016 Paid or Charged</u>	<u>Excess or (Deficit)</u>
Reserve for Future Use	B-20	\$ 74,109	\$ -	\$ 74,109
		<u>\$ 74,109</u>	<u>\$ -</u>	<u>\$ 74,109</u>
	<u>Reference</u>		B-20	

TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Cash	C-2,C-3	\$ 811,239	\$ 2,818,343
Deferred Charges to Future Taxation			
Funded	C-5	16,158,000	17,743,000
Unfunded	C-6	7,207,884	7,892,131
Due From Current Fund	C-4	1,847,991	3,967,629
Due From Open Space Trust Fund	C-20	-	25,000
Accounts Receivable - Residential Costs	C-11	291,862	369,223
Grants Receivable	C-12	4,146,139	4,923,395
Overexpenditure of Ordinance Appropriation	C-17	15,877	68,601
		<u>\$ 30,478,992</u>	<u>\$ 37,807,322</u>
Total Assets			
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-10	\$ 16,158,000	\$ 17,743,000
Bond Anticipation Notes	C-16	5,057,000	6,980,000
Contracts Payable	C-8	1,585,230	2,416,784
Improvement Authorizations			
Funded	C-9	1,970,661	4,095,035
Unfunded	C-9	3,246,951	3,327,570
Capital Improvement Fund	C-7	-	11
Reserve for Library Roof/Due to Library	C-13	6,165	6,165
Reserve for I&I	C-15	213,328	200,391
Reserve for Morningside Circle	C-15	-	-
Reserve for Payment of Debt	C-18	136,728	359,020
Reserve for CDBG	C-19	-	270,000
Fund Balance	C-1	195,281	4,924
		<u>\$ 30,478,992</u>	<u>\$ 37,807,322</u>
Total Liabilities, Reserves and Fund Balance			

There were bonds and notes authorized but not issued on December 31, 2016 and 2015 in the amount of \$3,570,089 and \$4,126,933 respectively (Exhibit C-21).

TOWNSHIP OF LITTLE FALLS
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
Balance, January 1	C	\$ 4,924	\$ 154,924
Increased by:			
Cash Receipts for Fully Funded Ordinances	C-14	147,781	-
Premium on Sale of Notes	C-2	<u>46,576</u>	<u>-</u>
		199,281	154,924
Decreased by:			
Utilized as Revenue in Current Fund	C -4	<u>4,000</u>	<u>150,000</u>
Balance, December 31	C	<u>\$ 195,281</u>	<u>\$ 4,924</u>

**TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2016 AND 2015**

	<u>Reference</u>	<u>2016</u>	<u>2015</u>
ASSETS			
Cash	D-1	\$ <u>16,458</u>	\$ <u>12,636</u>
RESERVES			
Reserve for Public Assistance	D-2	\$ <u>16,458</u>	\$ <u>12,636</u>

**TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
General Fixed Assets:		
Land	\$ 8,248,100	\$ 8,248,100
Buildings and Building Improvements	9,394,210	9,394,210
Vehicles and Equipment	<u>9,765,554</u>	<u>8,500,633</u>
 Total General Fixed Assets	 <u>\$ 27,407,864</u>	 <u>\$ 26,142,943</u>
 Investment in General Fixed Assets	 <u>\$ 27,407,864</u>	 <u>\$ 26,142,943</u>

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

B. Description of Regulatory Basis of Accounting

The financial statements of the Township of Little Falls have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Township accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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. The Township also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Township has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

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

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

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

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.

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

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

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.

TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2015 balances to conform to the December 31, 2016 presentation.

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Deferred Charges – Certain expenditures and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures and certain other items generally to be recognized when incurred, if measurable.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Township of Little Falls has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Township as assets with an initial, individual cost of \$3,000 and an estimated useful life in excess of two years.

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

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets purchased after September 30, 1997 are stated at cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

General Fixed Assets purchased prior to September 30, 1997 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Budgets and Budgetary Accounting** - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Township and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

Trust Funds (Except Open Space Trust Fund)
General Capital Fund
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2016 and 2015 the Township Council increased the original budget by \$52,683 and \$25,120. The increases were funded by additional aid allotted to the Township. In addition, the governing body approved several budget transfers during 2016 and 2015.

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

<u>2016</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
Capital Improvements			
Capital Improvement Fund	\$75,000	\$76,489	\$1,489
General Capital Fund			
Ord. 1210 Railroad Ave. Park Improvements	175,000	178,814	3,814
<u>2015</u>			
General Capital Fund			
Ord. 1128 Acquisition of Various Equipment	\$76,000	\$83,902	\$7,902
Ord. 1234 Acquisition of Self Contained Breathing Apparatus	545,000	557,063	12,063

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2016 and 2015, the book value of the Township's deposits were \$6,294,363 and \$9,824,220 and bank and brokerage firm balances of the Township's deposits amounted to \$6,650,340 and \$10,022,773 respectively. The Township's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2016</u>	<u>2015</u>
Insured	\$ <u>6,650,340</u>	\$ <u>10,022,773</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Township does not have a formal policy for custodial credit risk. As of December 31, 2016 and 2015 none of the Township's bank balances were exposed to custodial credit risk.

B. Investments

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

As of December 31, 2016 and 2015, the Township had the following investments:

	<u>Fair Value</u> <u>(Unaudited)</u>	
	<u>2016</u>	<u>2015</u>
Investment:		
VALIC LOSAP Investment Fund (Unaudited)	\$ <u>1,295,669</u>	\$ <u>1,216,647</u>

TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Township does not have a policy for custodial risk. As of December 31, 2016 and 2015, \$1,295,669 and \$1,216,647 of the Township's investments was exposed to custodial credit risk as follows:

	Fair Value (Unaudited)	
	2016	2015
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ 1,295,669	\$ 1,216,647

Interest 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.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Township does not have an investment policy that would further limit its investment choices. As of December 31, 2016 and 2015, the Township's investment in Variable Annuity Life Insurance Company (VALIC) was rated A2 by Moody's Investors Services.

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

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

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2016 and 2015 consisted of the following:

	2016	2015
<u>Current</u>		
Property Taxes	\$ 683,638	\$ 685,744
Tax Title Liens	122,206	89,335
	<u>\$ 805,844</u>	<u>\$ 775,079</u>

In 2016 and 2015, the Township collected \$682,745 and \$540,435 from delinquent taxes, which represented 88% and 89%, respectively of the prior year adjusted delinquent taxes receivable balance.

TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2016</u>		<u>2015</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 180,015	\$ 1,988,333	\$ 412,212	\$ 4,107,785
Trust Funds:				
Animal Control		17,631		14,216
Other	-	160,342	-	395,954
Unemployment Compensation Insurance		2,042		2,042
Open Space	140,342	-	140,156	25,000
General Capital Fund	<u>1,847,991</u>	<u>-</u>	<u>3,992,629</u>	<u>-</u>
Total	<u>\$ 2,168,348</u>	<u>\$ 2,168,348</u>	<u>\$ 4,544,997</u>	<u>\$ 4,544,997</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

The Township expects all interfund balances to be liquidated within one year.

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance December 31,</u>	<u>Subsequent Year Required Budget Appropriation</u>	<u>Balance to Succeeding Years Budgets</u>
<u>2016</u>			
Current Fund			
Special Emergency Authorizations (40A4:55)	\$ 3,400	\$ 3,400	
Overexpenditure of Appropriations	1,489	1,489	
General Capital Fund			
Overexpenditure of Ordinance Appropriations	<u>15,877</u>	<u>12,063</u>	\$ 3,814
	<u>\$ 20,766</u>	<u>\$ 16,952</u>	<u>\$ 3,814</u>
<u>2015</u>			
Current Fund			
Special Emergency Authorizations (40A4:55)	\$ 6,800	\$ 3,400	\$ 3,400
General Capital Fund			
Overexpenditure of Ordinance Appropriations	<u>68,601</u>	<u>56,538</u>	<u>12,063</u>
	<u>\$ 75,401</u>	<u>\$ 59,938</u>	<u>\$ 15,463</u>

NOTE 7 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2016 and 2015 are as follows:

	<u>2016 Regional High School</u>	<u>2015 Regional High School</u>
Balance of Tax	\$ 3,627,671	\$ 3,610,460
Deferred Liability	<u>3,627,671</u>	<u>3,604,991</u>
Taxes Payable	<u>\$ -</u>	<u>\$ 5,469</u>

TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 8 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, <u>2016</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2015</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 780,464	\$ 400,000	\$ 499,746	\$ 350,000
Non-Cash Surplus	<u>17,422</u>	<u>-</u>	<u>8,695</u>	<u>-</u>
	<u>\$ 797,886</u>	<u>\$ 400,000</u>	<u>\$ 508,441</u>	<u>\$ 350,000</u>

NOTE 9 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2016 and 2015.

	Balance December 31, <u>2015</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2016</u>
<u>2016</u>				
Land	\$ 8,248,100			\$ 8,248,100
Buildings and Building Improvements	9,394,210			9,394,210
Vehicles and Equipment	<u>8,500,633</u>	<u>\$ 1,264,921</u>	<u>\$ -</u>	<u>9,765,554</u>
	<u>\$ 26,142,943</u>	<u>\$ 1,264,921</u>	<u>\$ -</u>	<u>\$ 27,407,864</u>
	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2015</u>
<u>2015</u>				
Land	\$ 8,248,100			\$ 8,248,100
Buildings and Building Improvements	9,394,210			9,394,210
Vehicles and Equipment	<u>7,711,033</u>	<u>\$ 1,002,415</u>	<u>\$ 212,815</u>	<u>8,500,633</u>
	<u>\$ 25,353,343</u>	<u>\$ 1,002,415</u>	<u>\$ 212,815</u>	<u>\$ 26,142,943</u>

TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 10 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for the general capital fund projects. 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 four months or retired by the issuance of bonds.

The Township's debt is summarized as follows:

	<u>2016</u>	<u>2015</u>
Issued		
General		
Bonds and Notes	\$ 21,215,000	\$ 24,723,000
Less: Funds Temporarily Held to Pay		
Bonds and Notes	<u>1,555,933</u>	<u>3,573,822</u>
Net Debt Issued	19,659,067	21,149,178
Authorized But Not Issued		
General		
Bonds and Notes	<u>3,570,089</u>	<u>4,126,933</u>
Net Bonds and Notes Issued and Authorized		
But Not Issued	<u>\$ 23,229,156</u>	<u>\$ 25,276,111</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's Annual Debt Statement and indicates a statutory net debt of 1.51% and 1.53% at December 31, 2016 and 2015, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2016</u>			
General Debt	\$ 24,785,089	\$ 1,555,933	\$ 23,229,156
School Debt	<u>5,547,165</u>	<u>5,547,165</u>	<u>-</u>
Total	<u>\$ 30,332,254</u>	<u>\$ 7,103,098</u>	<u>\$ 23,229,156</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2015</u>			
General Debt	\$ 28,849,933	\$ 3,573,822	\$ 25,276,111
School Debt	<u>5,978,463</u>	<u>5,978,463</u>	<u>-</u>
Total	<u>\$ 34,828,396</u>	<u>\$ 9,552,285</u>	<u>\$ 25,276,111</u>

TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 10 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

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

	<u>2016</u>	<u>2015</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 56,902,866	\$ 57,655,097
Net Debt	<u>23,229,156</u>	<u>25,276,111</u>
Remaining Borrowing Power	<u>\$ 33,673,710</u>	<u>\$ 32,378,986</u>

A. Long-Term Debt

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

General Obligation Bonds

The Township levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2016</u>	<u>2015</u>
\$2,290,000, 2006 Bonds	\$ -	\$ 160,000
\$4,235,000, 2008 Bonds	-	400,000
\$2,690,000, 2010 Refunding Bonds, due in annual installments of \$170,000 to \$175,000 through May 1, 2020, interest at 2.00% to 3.50%	690,000	1,010,000
\$3,599,000, 2010 Bonds, due in annual installments of \$141,000 to \$289,000 through August 1, 2030, interest at 1.66% to 6.54% *	2,844,000	2,979,000
\$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%	8,504,000	8,754,000
\$4,440,000, 2015 Refunding Bonds, due in annual installments of \$380,000 to \$810,000 through August 1, 2023, interest at 3.00% to 4.00%	<u>4,120,000</u>	<u>4,440,000</u>
	<u>\$ 16,158,000</u>	<u>\$ 17,743,000</u>

*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 45% of the amount of interest paid.

TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 10 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

The Township's principal and interest for long-term debt issued and outstanding as of December 31, 2016 is as follows:

<u>Calendar Year</u>	<u>Principal</u>	<u>General Interest</u>	<u>Total</u>
2017	\$ 1,371,000	\$ 613,758	\$ 1,984,758
2018	1,373,000	573,221	1,946,221
2019	1,120,000	523,267	1,643,267
2020	1,118,000	483,077	1,601,077
2021	951,000	445,585	1,396,585
2022-2026	4,170,000	1,625,015	5,795,015
2027-2031	3,555,000	818,578	4,373,578
2032-2036	2,500,000	252,500	2,752,500
	<u>\$ 16,158,000</u>	<u>\$ 5,335,001</u>	<u>\$ 21,493,001</u>

Prior Year Defeasance of Debt

In prior years, the Township defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Township's financial statements. On December 31, 2016 and 2015, \$-0- and \$4,546,000, respectively, of bonds outstanding are considered defeased.

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2016 and 2015 were as follows:

	<u>Balance December 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2016</u>	<u>Due Within One Year</u>
<u>2016</u>					
General Capital Fund					
Bonds Payable	<u>\$ 17,743,000</u>	<u>\$ -</u>	<u>\$ 1,585,000</u>	<u>\$ 16,158,000</u>	<u>\$ 1,371,000</u>
	<u>Balance December 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31, 2015</u>	<u>Due Within One Year</u>
<u>2015</u>					
General Capital Fund					
Bonds Payable	<u>\$ 10,366,000</u>	<u>\$ 13,194,000</u>	<u>\$ 5,817,000</u>	<u>\$ 17,743,000</u>	<u>\$ 1,585,000</u>

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Township's short-term debt activity for the years ended December 31, 2016 and 2015 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2015	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2016
<u>2016</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Flood Mitigation	0.78%	12/16/2016	\$ 1,529,356		\$ 1,529,356	
	2.50%	12/15/2017		\$ 1,115,397		\$ 1,115,397
Flood Mitigation Acquisition or Reconstruction	1.00%	1/6/2016	2,500,000		2,500,000	
	0.78%	12/16/2016	1,132,388		1,132,388	-
	2.50%	12/15/2017		1,086,253		1,086,253
Refunding of Tax Appeals	0.78%	12/16/2016	300,000		300,000	-
FEMA Flood Mitigation Project	0.78%	12/16/2016	593,000		593,000	-
	0.78%	12/16/2016	593,000		593,000	-
	2.50%	12/15/2017		582,949		582,949
Various Road Improvements	0.78%	12/16/2016	332,256		332,256	-
	2.50%	12/15/2017		332,301		332,301
Acquisition of Fire Engine	2.50%	12/15/2017		617,500		617,500
Acquisition of Public Works Vehicle	2.50%	12/15/2017		307,800		307,800
2015 Road Improvement Program	2.50%	12/15/2017		285,000		285,000
Railroad Avenue Park Improvements	2.50%	12/15/2017		64,800		64,800
Acquisition of Self Contained Breathing Apparatus	2.50%	12/15/2017		518,000		518,000
Acquisition of Integrated Body Camera System	2.50%	12/15/2017	-	147,000	-	147,000
			<u>\$ 6,980,000</u>	<u>\$ 5,057,000</u>	<u>\$ 6,980,000</u>	<u>\$ 5,057,000</u>

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, 2014	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2015
<u>2015</u>						
<u>General Capital Fund</u>						
		<u>Purpose</u>				
Flood Mitigation	1.00%	12/18/2015	\$ 2,244,744		\$ 2,244,744	
	0.78%	12/16/2016		\$ 1,529,356		\$ 1,529,356
Flood Mitigation Acquisition or Reconstruction	1.25%	3/19/2015	2,500,000		2,500,000	
	1.00%	1/6/2016		2,500,000		2,500,000
	0.78%	12/16/2016		1,132,388		1,132,388
Refunding of Tax Appeals	1.00%	12/18/2015	600,000		600,000	
	0.78%	12/16/2016		300,000		300,000
FEMA Flood Mitigation Project	1.25%	3/19/2015	593,000		593,000	
	1.00%	1/6/2016		593,000		593,000
	0.78%	12/16/2016		593,000		593,000
Various Road Improvements	1.00%	12/18/2015	332,256		332,256	
	0.78%	12/16/2016		332,256		332,256
			-	-	-	-
			<u>\$ 6,270,000</u>	<u>\$ 6,980,000</u>	<u>\$ 6,270,000</u>	<u>\$ 6,980,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Township had the following commitments with respect to unfinished capital projects and other significant commitments:

<u>Capital Project/Purpose</u>	<u>Remaining Commitment</u>	<u>Estimated Date of Completion</u>
<u>2016</u>		
Force Main	\$863,890	2017
Body and Car Camera System	114,841	2017
Emergency Generator	55,975	2017
Morningside Circle Stormwater Improvements	<u>505,725</u>	2017
	<u>\$1,540,431</u>	
<u>2015</u>		
Acquisition of Fire Engine	\$599,939	2016
Stormwater System Improvements to William Street Pump Station	79,204	2016
Freightliner Chassis	91,326	2016
Demolition of Houses	24,000	2016
Improvements to Railroad Park	170,674	2016
Various Home Elevation Projects	550,200	2016
Acquisition of Self Contained Breathing Apparatus	<u>535,844</u>	2016
	<u>\$2,051,187</u>	

NOTE 12 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Township, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

The maximum benefit for a Public Works employee is \$15,000 and \$8,000 for 2016 and 2015, respectively.

The maximum benefit of a sworn officer of the Police Department is entitled to at retirement is \$15,000 and \$11,541 for 2016 and 2015, respectively.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$470,902 and \$310,226 at December 31, 2016 and 2015, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation

During the year ended December 31, 2009 the Township elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$351,503 and will be paid back with interest over 15 years beginning in the 2012 year. The Township is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2012 and 8.25% prior to July 1, 2012) at December 31, 2016 and 2015 is \$262,547 and \$285,285, respectively.

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Township's changes in other long-term liabilities for the years ended December 31, 2016 and 2015 were as follows:

	Balance, December 31, 2015	Additions	Reductions	Balance, December 31, 2016	Due Within One Year
<u>2016</u>					
Compensated Absences	\$ 310,226	\$ 160,676		\$ 470,902	
Net Pension Liability- PERS	6,734,855	2,388,996	\$ 265,706	8,858,145	
Net Pension Liability- PFRS	11,882,475	2,140,635	574,037	13,449,073	
Deferred Pension Obligation	285,285	20,005	42,743	262,547	\$ 43,173
Total Other Long-Term Liabilities	\$ 19,212,841	\$ 4,710,312	\$ 882,486	\$ 23,040,667	\$ 43,173
	Balance, December 31, 2014	Additions	Reductions	Balance, December 31, 2015	Due Within One Year
<u>2015</u>					
Compensated Absences	\$ 283,104	\$ 27,122		\$ 310,226	
Net Pension Liability- PERS	5,901,535	1,091,257	\$ 257,937	6,734,855	
Net Pension Liability- PFRS	8,670,230	3,792,119	579,874	11,882,475	
Deferred Pension Obligation	306,199	21,667	42,581	285,285	\$ 42,743
Total Other Long-Term Liabilities	\$ 15,161,068	\$ 4,932,165	\$ 880,392	\$ 19,212,841	\$ 42,743

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Township employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

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

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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

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

Basis of Accounting

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

Investment Valuation

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

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, which was rolled forward to June 30, 2016, the aggregate funded ratio for all the State administered retirement systems, including CPFPPF, local PERS and local PFRS is 45.7 percent with an unfunded actuarial accrued liability of \$50.3 billion. The CPFPPF system is 19.15 percent funded with an unfunded actuarial accrued liability of \$8.0 million. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 40.14 percent and \$29.6 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 52.01 percent and \$20.7 billion, respectively.

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

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2015 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.65% for investment rate of return for all the retirement systems except CPFPE (2.85%) and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

Employer and Employee Pension Contributions

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

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2016 and 2015 for CPFPE, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2016, 2015 and 2014, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2016	\$ 611,552	\$ 269,026
2015	564,406	270,873
2014	534,638	243,321

TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS)

At December 31, 2016 and 2015, the Township reported a liability of \$8,858,145 and \$6,734,855, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Township's proportionate share 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. As of the measurement date of June 30, 2016, the Township's proportionate share was .029908 percent, which was a decrease of .000094 percent from its proportionate share measured as of June 30, 2015 of .030002 percent.

For the year ended December 31, 2016 and 2015, the pension system has determined the Township's pension expense to be \$810,787 and \$410,210, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Township's financial statements of \$265,706 and \$257,937, respectively. At December 31, 2016 and 2015, the Township's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Township's financial statements are from the following sources:

	2016		2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 164,735		\$ 160,670	
Changes of Assumptions	1,834,935		723,270	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	337,769			\$ 108,284
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	<u>67,121</u>	<u>\$ 205,305</u>	<u>86,633</u>	<u>241,229</u>
Total	<u>\$ 2,404,560</u>	<u>\$ 205,305</u>	<u>\$ 970,573</u>	<u>\$ 349,513</u>

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2017	\$ 490,143
2018	490,143
2019	578,068
2020	480,023
2021	160,878
Thereafter	<u>-</u>
	<u>\$ 2,199,255</u>

**TOWNSHIP OF LITTLE FALLS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Township's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.15-4.40%
		Based on Age
Through 2026	1.65-4.15%	
	Based on Age	
Thereafter	2.65-5.15%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial study for the period July 1, 2008 to June 30, 2011.

**TOWNSHIP OF LITTLE FALLS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	3.98%
2015	June 30, 2015	4.90%

TOWNSHIP OF LITTLE FALLS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2034

Municipal Bond Rate * From July 1, 2034
and Thereafter

* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Township's proportionate share of the PERS net pension liability as of December 31, 2016 and 2015 calculated using the discount rate of 3.98% and 4.90%, respectively, as well as what the Township's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98% and 3.90%, respectively) or 1-percentage-point higher (4.98% and 5.90%, respectively) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
<u>2016</u>			
Township's Proportionate Share of the PERS Net Pension Liability	<u>\$ 10,854,623</u>	<u>\$ 8,858,145</u>	<u>\$ 7,209,879</u>
	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
<u>2015</u>			
Township's Proportionate Share of the PERS Net Pension Liability	<u>\$ 8,370,601</u>	<u>\$ 6,734,855</u>	<u>\$ 5,363,458</u>

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2016 and 2015. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

TOWNSHIP OF LITTLE FALLS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2016 and 2015, the Township reported a liability of \$13,449,073 and \$11,882,475, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively. The Township's proportionate share 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. As of the measurement date of June 30, 2016, the Township's proportionate share was .070404 percent, which was an decrease of .000934 percent from its proportionate share measured as of June 30, 2015 of .071338 percent.

For the years ended December 31, 2016 and 2015, the pension system has determined the Township pension expense to be \$1,471,530 and \$1,084,737, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Township's financial statements of \$574,037 and \$579,874, respectively. At December 31, 2016 and 2015, the Township's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Township's financial statements are from the following sources:

	2016		2015	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 88,161		\$ 102,490
Changes of Assumptions	\$ 1,862,807		\$ 2,193,800	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	942,349			206,804
Changes in Proportion and Differences Between Township Contributions and Proportionate Share of Contributions	<u>206,210</u>	<u>115,149</u>	<u>264,626</u>	<u>10,179</u>
Total	<u>\$ 3,011,366</u>	<u>\$ 203,310</u>	<u>\$ 2,458,426</u>	<u>\$ 319,473</u>

TOWNSHIP OF LITTLE FALLS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2016 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

<u>Year</u> <u>Ending</u> <u>December 31,</u>	<u>Total</u>
2017	\$ 685,475
2018	685,475
2019	906,667
2020	525,046
2021	5,393
Thereafter	-
	<u>\$ 2,808,056</u>

Actuarial Assumptions

The Township's total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability reported for the year ended December 31, 2015 was based on the June 30, 2015 measurement date as determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

PFRS

	<u>2016</u>	<u>2015</u>
Inflation Rate	3.08%	3.04%
Salary Increases:		
2012-2021		2.60-9.48%
		Based on Age
Through 2026	2.10-8.98%	
	Based on Age	
Thereafter	3.10-9.98%	3.60-10.48%
	Based on Age	Based on Age
Investment Rate of Return	7.65%	7.90%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2015 and July 1, 2014 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

TOWNSHIP OF LITTLE FALLS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 and 2015, as reported for the years ended December 31, 2016 and 2015, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2016</u>		<u>2015</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%	5.00%	1.04%
U.S. Treasuries	1.50%	1.74%	1.75%	1.64%
Investment Grade Credit	8.00%	1.79%	10.00%	1.79%
Mortgages	2.00%	1.67%	2.10%	1.62%
High Yield Bonds	2.00%	4.56%	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.44%	1.50%	3.25%
Broad US Equities	26.00%	8.53%	27.25%	8.52%
Developed Foreign Equities	13.25%	6.83%	12.00%	6.88%
Emerging Market Equities	6.50%	9.95%	6.40%	10.00%
Private Equity	9.00%	12.40%	9.25%	12.41%
Hedge Funds/Absolute Return	12.50%	4.68%	12.00%	4.72%
Real Estate (Property)	2.00%	6.91%	2.00%	6.83%
Commodities	0.50%	5.45%	1.00%	5.32%
Global Debt ex US	5.00%	-0.25%	3.50%	-0.40%
REIT	5.25%	5.63%	4.25%	5.12%

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2016	June 30, 2016	5.55%
2015	June 30, 2015	5.79%

YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit

Payments for which the Following

Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2050

Municipal Bond Rate *

From July 1, 2050
and Thereafter

* The municipal bond return rate used is 2.85% and 3.80% as of the measurement dates of June 30, 2016 and 2015, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Township's proportionate share of the PFRS net pension liability as of December 31, 2016 and 2015 calculated using the discount rate of 5.55% and 5.79%, respectively, as well as what the Township's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.55% and 4.79%, respectively) or 1-percentage-point higher (6.55% and 6.79%, respectively) than the current rate:

	1% Decrease <u>(4.55%)</u>	Current Discount Rate <u>(5.55%)</u>	1% Increase <u>(6.55%)</u>
2016			
Township's Proportionate Share of the PFRS Net Pension Liability	\$ 17,341,593	\$ 13,449,073	\$ 10,274,957

	1% Decrease (4.79%)	Current Discount Rate (5.79%)	1% Increase (6.79%)
<u>2015</u>			
Township's Proportionate Share of the PFRS Net Pension Liability	\$ 15,664,874	\$ 11,882,475	\$ 8,798,266

The sensitivity analysis was based on the proportionate share of the Township's net pension liability at December 31, 2016 and 2015. A sensitivity analysis specific to the Township's net pension liability was not provided by the pension system.

**TOWNSHIP OF LITTLE FALLS
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Township is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Township by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Township's proportionate share percentage determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2016 and 2015, the State's proportionate share of the net pension liability attributable to the Township for the PFRS special funding situation is \$1,129,389 and \$1,042,053 respectively. For the years ended December 31, 2016 and 2015, the pension system has determined the State's proportionate share of the pension expense attributable to the Township for the PFRS special funding situation is \$144,250 and \$129,981 respectively, which is more than the actual contributions the State made on behalf of the Township of \$43,275 and \$54,244, 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 PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 14 RISK MANAGEMENT

The Township is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Township has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Township should they occur.

The Township of Little Falls is a member of the Statewide Insurance Fund (SIT). 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 SIT coverage amounts are on file with the Township.

TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 14 RISK MANAGEMENT (Continued)

The relationship between the Township and insurance fund 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 the insurance fund, to report claims on a timely basis, to 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 fund. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

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

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

The 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:

<u>Year Ended</u> <u>December 31</u>	<u>Township</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance (Deficit)</u>
2016	\$ 22,000	\$ 8,276	\$ 16,938	\$ 24,092
2015	20,251	10,134	16,362	10,754
2014	32,958	21,178	39,447	(3,269)

NOTE 15 CONTINGENT LIABILITIES

The Township is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Township's Attorney, the potential claims against the Township not covered by insurance policies would not materially affect the financial condition of the Township.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2016 and 2015. 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.

Federal and State Awards - The Township participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Township may be required to reimburse the grantor government. As of December 31, 2016 and 2015, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Township believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Township.

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Township is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. The Township has completed an arbitrage calculation through December 31, 2015 and no estimated arbitrage earnings are owed to the IRS.

NOTE 17 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 up to \$1,350 and \$1,250 for 2016 and 2015, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Township contributions were \$74,588 and \$86,250 for 2016 and 2015, 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.

VALIC 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.

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

Vesting and Benefits

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

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the 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 Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Township's Trust Fund.

NOTE 18 SUBSEQUENT EVENTS

Debt Authorized

Through June 5, 2017 the Township adopted several bond ordinances authorizing the issuance \$1,429,500 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Township has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF CASH - TREASURER**

Balance, January 1, 2016		\$ 5,793,661
Increased by Receipts:		
Due Other Trust Fund	\$ 395,954	
Tax Collector	46,430,188	
Revenue Accounts Receivable	2,912,037	
Non Budget Revenue	337,819	
Due from State of NJ - Veterans' and Senior Citizens' Deductions	98,615	
Grants Receivable	43,599	
Receipts Due to General Capital	152,871	
Reserve for Grants and Aid - Unappropriated	69,050	
Fees Payable	1,856	
Petty Cash	1,100	
Miscellaneous Reserves	<u>1,457</u>	
		<u>50,444,546</u>
		56,238,207
Decreased by Disbursements:		
2016 Budget Appropriations	14,832,055	
2015 Appropriation Reserves	376,132	
Local District School Tax	14,062,240	
Regional High School Tax	7,303,564	
County Taxes	12,309,426	
Reserve for Grants and Aid - Appropriated	87,125	
Refund of Tax Overpayments	49,374	
Open Space Taxes	74,109	
Fees Payable	1,600	
Due from Other Trust Fund	60,983	
Payments to General Capital Fund	2,668,582	
Petty Cash	<u>1,100</u>	
		<u>51,826,290</u>
Balance, December 31, 2016		<u>\$ 4,411,917</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF CASH - TAX COLLECTOR**

Increased by Receipts:

Revenue Accounts Receivable	\$ 172,518
Taxes Receivable	46,036,041
Tax Overpayments	9,143
Prepaid Taxes	<u>212,486</u>
	<u>46,430,188</u>

Decreased by:

Payments to Treasurer	<u>\$ 46,430,188</u>
-----------------------	----------------------

STATEMENT OF CHANGE FUNDS

<u>Office</u>	Balance, January 1, <u>2016</u>	Balance, December 31, <u>2016</u>
Tax Collector	\$ 275	\$ 275
Township Clerk	125	125
Court Clerk	<u>100</u>	<u>100</u>
	<u>\$ 500</u>	<u>\$ 500</u>

STATEMENT OF PETTY CASH FUNDS

Increased by:

Cash Receipts	<u>\$ 1,100</u>
---------------	-----------------

Decreased by:

Cash Disbursements	<u>\$ 1,100</u>
--------------------	-----------------

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF DUE TO (FROM) STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, January 1, 2016 (Due To)		\$	2,147
Increased By:			
Cash Receipts	\$	98,615	
Deductions Disallowed by Tax Collector - Current Year		<u>2,934</u>	
			<u>101,549</u>
			103,696
Decreased By:			
Senior Citizens, Veterans and Disabled Persons			
Tax Deductions:			
Per Tax Billings		103,750	
Allowed by Tax Collector		<u>1,500</u>	
			<u>105,250</u>
Balance, December 31, 2016 (Due From)		\$	<u>(1,554)</u>

TOWNSHIP OF LITTLE FALLS
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance,</u> <u>January 1,</u> <u>2016</u>	<u>2016</u> <u>Levy</u>	<u>Senior</u> <u>Citizens' and</u> <u>Veterans'</u> <u>Deductions</u> <u>Disallowed</u>	<u>Collected In</u>		<u>Senior</u> <u>Citizens' and</u> <u>Veterans'</u> <u>Deductions</u> <u>Allowed</u>	<u>Transferred</u> <u>to Tax</u> <u>Title Liens</u>	<u>Cancelled</u>	<u>Balance,</u> <u>December 31,</u> <u>2016</u>
				<u>2015</u>	<u>2016</u>				
2014	\$ 392				\$ 392				
2015	<u>685,352</u>	<u>\$ 4,864</u>	<u>\$ -</u>	<u>-</u>	<u>682,353</u>	<u>-</u>	<u>-</u>	<u>\$ 4,399</u>	<u>\$ 3,464</u>
	685,744	4,864	-	-	682,745	-	-	4,399	3,464
2016	<u>-</u>	<u>46,370,804</u>	<u>2,934</u>	<u>\$ 181,760</u>	<u>45,353,296</u>	<u>\$ 105,250</u>	<u>\$ 32,871</u>	<u>20,387</u>	<u>680,174</u>
	<u>\$ 685,744</u>	<u>\$ 46,375,668</u>	<u>\$ 2,934</u>	<u>\$ 181,760</u>	<u>\$ 46,036,041</u>	<u>\$ 105,250</u>	<u>\$ 32,871</u>	<u>\$ 24,786</u>	<u>\$ 683,638</u>

Analysis of 2016 Property Tax Levy

Tax Yield

General Purpose Tax	\$ 46,258,849
Added Taxes (R.S. 54:4-63.1 et seq.)	<u>111,955</u>
	<u>\$ 46,370,804</u>

Tax Levy

Regional High School Tax (Abstract)	\$ 7,320,775
Local District School Tax (Abstract)	14,155,957
Municipal Open Space	74,109
Municipal Open Space - Added Taxes	186
County Tax (Abstract)	\$ 12,130,531
County Tax for Added Taxes (R.S. 54.4-63 et seq.)	31,147
County Open Space Tax	<u>163,977</u>
	12,325,655
Local Tax for Municipal Purposes (Abstract)	11,860,672
Minimum Library Tax	544,183
Add Additional Tax Levy	<u>89,267</u>
	<u>12,494,122</u>
	<u>\$ 46,370,804</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF TAX TITLE LIENS**

Balance, January 1, 2016	\$ 89,335
Increased By:	
Transferred from Taxes Receivable	<u>32,871</u>
Balance, December 31, 2016	<u>\$ 122,206</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)**

Balance, January 1, 2016	<u>\$ 825,100</u>
Balance, December 31, 2016	<u>\$ 825,100</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, January 1, <u>2016</u>	Accrued in 2016	Collected in 2016		Balance, December 31, <u>2016</u>
			<u>Treasurer</u>	<u>Collector</u>	
Township Clerk					
Alcoholic Beverage					
Licenses		\$ 29,665	\$ 29,665		
Licenses - Other		54,502	54,502		
Fees and Permits - Other		11,306	11,306		
Construction Code Official					
Fees and Permits		269,296	269,296		
Police					
Fees and Permits		2,732	2,732		
Fire Prevention					
Fees and Permits		49,076	49,076		
Department of Public Works					
Fees and Permits					
Road Opening/Sidewalk/Sewer		16,838	16,838		
Municipal Court					
Fines and Costs	\$ 18,041	277,479	280,304		\$ 15,216
Interest and Costs on Taxes		172,518		\$ 172,518	
Interest on Investments and Deposits		8,751	8,751		
EMS Fees		104,489	104,489		
Recreation Fees		87,888	87,888		
Energy Receipts Tax		1,251,104	1,251,104		
Consolidated Municipal Property Tax					
Relief Act		30,959	30,959		
Garden State Trust		4,509	4,509		
Uniform Fire Safety Act		17,229	17,229		
Montclair University Sewer Fees		118,217	118,217		
Floyd Hall Pilot Payments	-	101,949	101,949		
Montclair University Fire Alarm Fees		37,600	37,600		
IRS Contribution - Debt Service		72,646	72,646		
Payments in Lieu of Taxes - Montclair State		58,849	58,849		
Cable TV Franchise Fee		182,828	182,828		
Sewer Service Fees	-	121,300	121,300	-	-
	<u>\$ 18,041</u>	<u>\$ 3,081,730</u>	<u>\$ 2,912,037</u>	<u>\$ 172,518</u>	<u>\$ 15,216</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF SPECIAL EMERGENCY AUTHORIZATIONS**

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net</u> <u>Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>January 1,</u> <u>2016</u>	<u>Reduced</u> <u>by 2016</u> <u>Budget</u>	<u>Balance,</u> <u>December 31,</u> <u>2016</u>
11/22/2012	Reassessment of Master Plan	\$ 17,000	\$ 3,400	\$ 6,800	\$ 3,400	\$ 3,400
				<u>\$ 6,800</u>	<u>\$ 3,400</u>	<u>\$ 3,400</u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2016	\$ 181,760
Increased by:	
Collection of 2017 Taxes	<u>212,486</u>
	394,246
Decreased by:	
Applied to 2016 Taxes Receivable	<u>181,760</u>
Balance, December 31, 2016	<u>\$ 212,486</u>

STATEMENT OF FEES PAYABLE

Balance, January 1, 2016	\$ 200
Increased by:	
Cash Receipts	<u>1,856</u>
	2,056
Decreased by:	
Cash Disbursements	<u>1,600</u>
Balance, December 31, 2016	<u>\$ 456</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF 2015 APPROPRIATION RESERVES**

	Balance, January 1, 2016	Transferred - Reserve for Encumbrances	Transfers	Modified Balance	Expended	Balance Lapsed
Salaries and Wages						
General Administration	\$ 2,284			\$ 2,284		\$ 2,284
Financial Administration	2,061			2,061		2,061
Revenue Administration	566			566		566
Planning Board	524			524		524
Police Department - Dispatch	2,152			2,152		2,152
Police Department - Civilian Employees	2,182			2,182		2,182
Fire Department	5,129			5,129		5,129
Fire Prevention	6,802			6,802		6,802
Emergency Management	32			32		32
Municipal Prosecutor	490			490		490
Other Public Works Function - Shade Tree	600			600		600
Solid Waste Collection	16,440			16,440		16,440
Vehicle Maintenance	3,580			3,580		3,580
Administration of Public Assistance	309			309		309
Recreation Services and Programs	194			194		194
Senior Citizens Activities	200			200		200
Plumbing Inspector	74			74		74
Electrical Inspection	227			227		227
Municipal Court	1,403			1,403		1,403
Other Expenses						
Mayor and Council	360			360	\$ 125	235
General Administration	6,497	\$ 136		6,633	900	5,733
Municipal Clerk	22,068	408	\$ (10,000)	12,476	544	11,932
Financial Administration	21,582			21,582	10,737	10,845
Audit Service	8,685			8,685	8,646	39
Tax Assessment Administration	1,527			1,527	1,527	-
Revenue Administration	772	516		1,288	516	772
Legal Services and Costs	7,023		34,000	41,023	40,150	873
Engineering Services and Costs	11,924		(5,000)	6,924	6,038	886
Planning Board	5,138			5,138	5,120	18
Liability	90			90		90
Liability Compensation - NJIF	452			452		452
Workers Compensation - NJIF	64			64		64
Employee Group Health	18,511	3,464	(10,000)	11,975		11,975
Police Department						
Other Expenses	-	11,645	1,500	13,145	8,640	4,505
Acquisition of Police Cars	140	59		199		199
Fire Official	7,875	16,555		24,430	19,447	4,983
Fire Hydrant Services	3,587		(3,000)	587		587
Office of Emergency Management	139	221		360	109	251
Ambulance	840	774		1,614	39	1,575
Fire Prevention	1,077	539		1,616	542	1,074
Streets and Roads Maintenance	8,496	22,260	6,500	37,256	24,291	12,965
Other Public Works Function - Shade Tree	6,430	975	(6,000)	1,405	805	600
Solid Waste Collection	22,312	33,374	(5,000)	50,686	45,382	5,304
Buildings and Grounds	3,073	5,277		8,350	2,065	6,285
Vehicle Maintenance	3,440	19,360		22,800	20,276	2,524
Community Services Act	5,000			5,000	5,000	-

TOWNSHIP OF LITTLE FALLS
STATEMENT OF 2015 APPROPRIATION RESERVES

	Balance, January 1, 2016	Transferred - Reserve for Encumbrances	Transfers	Modified Balance	Expended	Balance Lapsed
Other Expenses (Continued)						
Board of Health	\$ 1,316	\$ 652		\$ 1,968	\$ 652	\$ 1,316
Flood Board	150			150		150
Administration of Public Assistance	300			300		300
Recreation Services and Programs	5,123	2,945		8,068	954	7,114
Senior Citizens Transportation	1,060			1,060		1,060
Senior Citizens Activities	912			912		912
Construction Code Official	12,239	195	\$ (5,000)	7,434	538	6,896
PEOSHA Mandates Costs - Physical Exams	2,750			2,750	350	2,400
Street Lighting	22,224			22,224	21,815	409
Telephone	2,993		2,000	4,993	4,745	248
Water	790			790		790
Gas (Natural or Propane)	27,400			27,400	24,965	2,435
Fuel Oil(Diesel)	42,891			42,891		42,891
Gasoline	35,221	2,845		38,066	2,666	35,400
Landfill / Solid Waste Disposal Cost	47,459			47,459	28,727	18,732
Celebration of Public Events	1,300			1,300		1,300
Municipal Court	11,838	34		11,872	1,716	10,156
Public Defender	1,200			1,200	600	600
Social Security System	7,657			7,657		7,657
Police and Fireman's Retirement System	1			1		1
Defined Contribution Retirement Program	250			250		250
LOSAP	105,000			105,000	86,250	18,750
Passaic Valley Sewer Commission	4,624			4,624		4,624
Second River Joint Meeting	1,414			1,414		1,414
Third River Joint Meeting	252			252		252
Township of Montclair	25,000			25,000		25,000
City of Clifton	7,500			7,500		7,500
Recycling Tax	2,149	-	-	2,149	1,255	894
Acquisition of Computers	-	759	-	759	-	759
	<u>\$ 583,364</u>	<u>\$ 122,993</u>	<u>\$ -</u>	<u>\$ 706,357</u>	<u>\$ 376,132</u>	<u>\$ 330,225</u>
Appropriation Reserves				\$ 583,364		
Encumbrances Payable				<u>122,993</u>		
				<u>\$ 706,357</u>		
Cash Disbursements					<u>\$ 376,132</u>	

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, January 1, <u>2016</u>	Cash <u>Receipts</u>	Utilized in <u>2016 Budget</u>	Balance, December 31, <u>2016</u>
Watershed Moratorium Aid	\$ 1,457	\$ 1,457	\$ 1,457	\$ 1,457
	<u>\$ 1,457</u>	<u>\$ 1,457</u>	<u>\$ 1,457</u>	<u>\$ 1,457</u>

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, January 1, 2016	\$ 122,993
Increased by:	
Charges to 2016 Budget Appropriations	<u>278,815</u>
	401,808
Decreased by:	
Transfer to 2015 Appropriation Reserves	<u>122,993</u>
Balance, December 31, 2016	<u>\$ 278,815</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF GRANTS RECEIVABLE**

	Balance, January 1, <u>2016</u>	<u>Accrued</u>	<u>Decreased</u>	Balance, December 31, <u>2016</u>
Clean Communities	\$	25,046	\$	25,046
Municipal Alliance on Alcoholism and Drug Abuse				
2016	-	22,440	15,888	\$ 6,552
2015	\$ 1,895			1,895
Body Armor Grant	-	2,665	2,665	-
Bulletproof Vest Fund	-	2,532	-	2,532
	<u>\$ 1,895</u>	<u>\$ 52,683</u>	<u>\$ 43,599</u>	<u>\$ 10,979</u>
Cash Receipts			<u>\$ 43,599</u>	

STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2016	\$ 49,374
Increased by:	
Cash Receipts	<u>9,143</u>
	58,517
Decreased by:	
Cash Disbursements	<u>49,374</u>
Balance, December 31, 2016	<u>\$ 9,143</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Increased by:		
Levy - Calendar Year 2016		\$ 14,155,957
Decreased by:		
Cash Disbursements	\$ 14,062,240	
Prepaid Applied	<u>93,717</u>	
		<u>\$ 14,155,957</u>

STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE

Balance, January 1, 2016		
School Tax Payable	\$ 5,469	
School Tax Deferred	<u>3,604,991</u>	
		\$ 3,610,460
Increased by:		
Levy - School Year July 1, 2016 to June 30, 2017		<u>7,320,775</u>
		10,931,235
Decreased by:		
Cash Disbursements		7,303,564
Balance, December 31, 2016		
School Tax Payable	-	
School Tax Deferred	<u>3,627,671</u>	
		<u>\$ 3,627,671</u>
2016 Liability for Regional High School Tax		
Tax Liability		\$ 7,320,775
Add January 1, 2016 Balance Deferred		<u>3,604,991</u>
		10,925,766
Less December 31, 2016 Balance Deferred		<u>3,627,671</u>
Amount Charged to 2016 Operations		<u>\$ 7,298,095</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, January 1, 2016		\$ 14,918
Increased by:		
2016 Tax Levy	\$ 12,130,531	
Due County for Added and Omitted Taxes	31,147	
County Open Space Tax	<u>163,977</u>	
		<u>12,325,655</u>
		12,340,573
Decreased by:		
Cash Disbursements		<u>12,309,426</u>
Balance, December 31, 2016		<u>\$ 31,147</u>

STATEMENT OF RESERVE FOR GRANTS AND AID - UNAPPROPRIATED

Balance, January 1, 2016	\$ 81,954
Increased by:	
Received in 2016	<u>69,050</u>
	151,004
Decreased by:	
Utilized in 2016 Budget	<u>81,954</u>
Balance, December 31, 2016	<u>\$ 69,050</u>

Analysis of Balance

Drunk Driving Enforcement Fund	\$ 9,350
Alcohol Education & Rehabilitation Fund	6,406
Recycling Tonnage Grant	15,517
Safe Corridors	<u>37,777</u>
	<u>\$ 69,050</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED**

Balance, January 1, 2016	\$ 142,994
Increased by:	
Transfer from 2016 Budget	134,637
	277,631
Decreased by:	
Cash Disbursements	87,125
Balance, December 31, 2016	<u>\$ 190,506</u>

Analysis of Balance

Municipal Alliance - Grant	\$ 12,062
Body Armor Fund	263
Safe Corridors	25,614
Drunk Driving Enforcement Fund	38,292
Clean Communities	37,719
Bulletproof Vest Fund	2,532
Drive Sober or Get Pulled Over	175
Hepatitis B Funds	2,439
Tennis Grant	175
Louis Street Park Improvements	1,267
Peckman River Grant	15,095
Municipal Stormwater Regulation Program	13,463
Alcohol Education and Rehabilitation	12,341
Recycling Tonnage Grant	21,380
Legislative Grants:	
Main St./Route 23 Curbs and Sidewalks	7,689
	<u>\$ 190,506</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF OPEN SPACE TAXES PAYABLE**

Increased by:		
2016 Tax Levy	\$ 74,109	
Due Open Space for Added and Omitted Taxes	<u>186</u>	
		\$ <u>74,295</u>
		74,295
Decreased by:		
Due to Open Space Trust Fund		<u>74,295</u>
Balance, December 31, 2016		\$ <u>-</u>

EXHIBIT A-27

STATEMENT OF PREPAID SCHOOL TAXES

Balance, January 1, 2016	\$ 93,717	
Increased by:		
Applied to Taxes Payable in 2016	<u>93,717</u>	
Balance, December 31, 2016	\$ <u>-</u>	

EXHIBIT A-28

STATEMENT OF OVEREXPENDITURE OF APPROPRIATIONS

Increased by:		
Incurrred in 2016	\$ <u>1,489</u>	
Balance, December 31, 2016	\$ <u>1,489</u>	

TRUST FUND

TOWNSHIP OF LITTLE FALLS
STATEMENT OF TRUST CASH - TREASURER

	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Compensation Insurance Trust Fund</u>	<u>Affordable Housing Trust Fund</u>	<u>Open Space Trust Fund</u>
Balance, January 1, 2016	\$ 20,239	\$ 958,422	\$ 13,036	\$ 37,892	\$ 169,491
Increased by Receipts:					
Budget Appropriations			\$ 22,000		
Employee Payroll Deductions			8,276		
Due to Outside Lienholders	\$ 113,613				
Interest on Deposits	4,359				\$ 339
Open Space Tax Levy					74,109
Receipts from Current Fund		60,983			
Escrow Deposits		89,303			
Building Surcharge Fees		37,084			
Miscellaneous Reserves		218,735			
Dog License Fees	\$ 2,666				
Other (Cat Licenses)	200				
Miscellaneous	73				
Due to State of New Jersey	632				
Inspections Fees		16,824			
Affordable Housing Receipts				\$ 42,059	
Payroll Deposits		3,793,510			
Payroll Deductions Payable	-	3,339,522	-	-	-
	<u>3,571</u>	<u>7,673,933</u>	<u>30,276</u>	<u>42,059</u>	<u>74,448</u>
	23,810	8,632,355	43,312	79,951	243,939
Decreased by Disbursements:					
Escrow Deposits		80,136			
Miscellaneous Reserves		124,482			
Building Surcharge Fees		19,954			
Due to Outside Lienholders		116,989			
Due to State of New Jersey	618		16,903		
Inspection Fees		19,581			
Payments to Current Fund		395,954			
Payments to General Capital Fund					25,000
Affordable Housing Expenditures				35,091	
Payroll Deductions Payroll		3,308,348			
Payroll Deposits		3,826,062	-	-	-
	<u>618</u>	<u>7,891,506</u>	<u>16,903</u>	<u>35,091</u>	<u>25,000</u>
Balance, December 31, 2016	\$ <u>23,192</u>	\$ <u>740,849</u>	\$ <u>26,409</u>	\$ <u>44,860</u>	\$ <u>218,939</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2016	\$ 14,216
Increased by:	
Statutory Excess	<u>3,415</u>
Balance, December 31, 2016	<u>\$ 17,631</u>

**STATEMENT OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2016	\$ 6,011
Increased by:	
Dog License Fees	\$ 2,666
Other (Cat Licenses)	200
Miscellaneous	<u>73</u>
	<u>2,939</u>
	8,950
Decreased by:	
Statutory Excess	<u>3,415</u>
Balance, December 31, 2016	<u>\$ 5,535</u>

**STATEMENT OF DUE TO THE STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2016	\$ 12
Increased by:	
Cash Receipts	<u>632</u>
	644
Decreased by:	
Cash Disbursements	<u>618</u>
Balance, December 31, 2016	<u>\$ 26</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 395,954
Increased by:	
Interest on Deposits	\$ 4,359
Receipts from Current Fund	60,983
Police Outside Duty Fees Due to Current Fund	<u>95,000</u>
	<u>160,342</u>
	556,296
Decreased by:	
Payments Made to Current Fund	<u>395,954</u>
Balance, December 31, 2016	<u><u>\$ 160,342</u></u>

EXHIBIT B-8

**STATEMENT OF RESERVE FOR INSPECTION FEES
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 2,273
Increased by:	
Cash Receipts	<u>16,824</u>
	19,097
Decreased by:	
Cash Disbursements	<u>19,581</u>
Balance (Deficit), December 31, 2016	<u><u>\$ (484)</u></u>

EXHIBIT B-9

**STATEMENT OF RESERVE FOR ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 94,531
Increased by:	
Cash Receipts	<u>89,303</u>
	183,834
Decreased by:	
Cash Disbursements	<u>80,136</u>
Balance, December 31, 2016	<u><u>\$ 103,698</u></u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND**

<u>Account</u>	Balance, January 1, 2016	Increases	Decreases	Balance, December 31, 2016
Tax Sale Premium	\$ 273,360	\$ 70,000	\$ 57,500	\$ 285,860
Street Permit Bonds	9,670	1,000	1,000	9,670
Uniform Fire Code Enforcement	5,841	500		6,341
Recycling Program	54,805	47,469	39,239	63,035
Public Defender Fees	6,237	-	-	6,237
Traffic Signal	23,138			23,138
Civic Activities - Donations	12,993		4,793	8,200
Municipal Alliance - Contributions	1,846	-	-	1,846
Defibulator Fund - Donations	228	-	-	228
Off Duty Police - Outside Employment	35,030	99,726	96,876	37,880
Bequests	25,557	-	20,074	5,483
Parking Offenses Adjudication Act	6,823	40	-	6,863
	<u>\$ 455,528</u>	<u>\$ 218,735</u>	<u>\$ 219,482</u>	<u>\$ 454,781</u>
Cash Receipts		\$ 218,735		
Cash Disbursements			\$ 124,482	
Due to Current Fund		<u>-</u>	<u>95,000</u>	
		<u>\$ 218,735</u>	<u>\$ 219,482</u>	

EXHIBIT B-11

**STATEMENT OF BUILDING SURCHARGE FEES - DUE TO STATE OF NEW JERSEY
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 5,846
Increased by:	
Cash Receipts	<u>37,084</u>
	42,930
Decreased by:	
Cash Disbursements	<u>19,954</u>
Balance, December 31, 2016	<u>\$ 22,976</u>

EXHIBIT B-12

**STATEMENT OF DUE TO OUTSIDE LIENHOLDERS
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 3,376
Increased by:	
Cash Receipts	<u>113,613</u>
	116,989
Decreased by:	
Cash Disbursements	<u>116,989</u>
Balance, December 31, 2016	<u>\$ -</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF RESERVE FOR DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, January 1, 2016	\$ 3,201
Increased by:	
Cash Receipts	<u>3,339,522</u>
	3,342,723
Decreased by:	
Cash Disbursements	<u>3,308,348</u>
Balance, December 31, 2016	<u>\$ 34,375</u>

**STATEMENT OF RESERVE FOR PAYROLL DEPOSITS
OTHER TRUST FUND**

Balance (Deficit), January 1, 2016	\$ (2,287)
Increased by:	
Cash Receipts	<u>3,793,510</u>
	3,791,223
Decreased by:	
Cash Disbursements	<u>3,826,062</u>
Balance (Deficit), December 31, 2016	<u>\$ (34,839)</u>

**STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND**

Balance, January 1, 2016	\$ 10,754
Increased by:	
Employee Payroll Deductions	\$ 8,276
Budget Appropriations - 2016 Budget	<u>22,000</u>
	<u>30,276</u>
	41,030
Decreased by:	
Due to State of New Jersey	<u>16,938</u>
Balance, December 31, 2016	<u>\$ 24,092</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF DUE TO THE STATE OF NEW JERSEY
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND**

Balance, January 1, 2016	\$ 240
Increased by:	
Claims	<u>16,938</u>
	17,178
Decreased By:	
Cash Disbursements	<u>16,903</u>
Balance, December 31, 2016	<u>\$ 275</u>

**STATEMENT OF DUE TO CURRENT FUND
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND**

Balance, January 1, 2016	<u>\$ 2,042</u>
Balance, December 31, 2016	<u>\$ 2,042</u>

**STATEMENT OF RESERVE FOR AFFORDABLE HOUSING
AFFORDABLE HOUSING TRUST FUND**

Balance, January 1, 2016	\$ 37,892
Increased by:	
Cash Receipts	<u>42,059</u>
	79,951
Decreased By:	
Cash Disbursements	<u>35,091</u>
Balance, December 31, 2016	<u>\$ 44,860</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF DUE FROM CURRENT FUND
OPEN SPACE TRUST FUND**

Balance, January 1, 2016	\$ 140,156
Increased by:	
2016 Tax Levy and Added Assessment Not Transferred from Current Fund	186
Balance, December 31, 20156	\$ 140,342

**STATEMENT OF RESERVE FOR OPEN SPACE
OPEN SPACE TRUST FUND**

Balance, January 1, 2016	\$ 284,647
Increased by:	
2016 Tax Levy	\$ 74,109
Interest on Deposits	339
2016 Added Tax Levy	186
	74,634
Balance, December 31, 2016	\$ 359,281

GENERAL CAPITAL FUND

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF GENERAL CAPITAL CASH**

Balance, January 1, 2016		\$ 2,818,343
Increased by Receipts:		
Interest on Deposits	\$ 872	
Reserve for Payment of Debt	3,709	
State Aid and Contributions	232	
Accounts Receivable - Residential Share	77,361	
Grants Receivable	915,671	
Reserve for CDBG	1,008,149	
Due from Open Space Trust Fund	25,000	
Due from Current Fund	2,668,582	
Bond Anticipation Notes	1,940,145	
Premium on Sale of Notes	46,576	
Reserve for Morningside Circle	<u>94,606</u>	
		<u>6,780,903</u>
		9,599,246
Decreased by Disbursements:		
Improvement Authorizations	4,869,967	
Due from Current Fund	497,268	
Bond Anticipation Notes	<u>3,420,772</u>	
		<u>8,788,007</u>
Balance, December 31, 2016		<u>\$ 811,239</u>

**TOWNSHIP OF LITTLE FALLS
ANALYSIS OF GENERAL CAPITAL CASH**

EXHIBIT C-3

	Balance, December 31, <u>2016</u>
Contracts Payable	\$ 1,585,230
Due from Current Fund	(1,847,991)
Grants Receivable	(2,236,491)
Accounts Receivable - Residential Costs	(291,862)
Overexpenditure of Ordinance Appropriation	(15,877)
Reserve for Payment of Debt	136,728
Reserve for Library Roof/Due to Library	6,165
Reserve for I&I	213,328
Fund Balance	195,281
Excess Note Proceeds - Ord. 1095/1196	1,115,397
Excess Note Proceeds - Ord. 1147	303,775
Excess Note Proceeds - Ord. 1199	33

Improvement Authorizations:

<u>Ordinance Number</u>	<u>Improvement Description</u>	
721/802	Improvements to Various Roads	(50)
828/910	Various Capital Improvements	29
856	Morris Canal Pedestrian Way & Preserve	46,679
904/935/947	Construction New Municipal Building	107,597
934	Reconstruction of Weaver	365
956	Funding of the Regional Contribution for Affordable Housing	119,528
993	Acquisition of Generator & Firearms	3,099
1020/1086/1149/1155/1149	Construction of a New Justice Complex	18,138
1043	Acquisition of Fire Pumper	34,065
1046	Sanitary Sewer Improvements	134
1070	Sanitary Sewer Improvements	991
1092	Improvement Fairfield Pump Station	(46,430)
1095/1196/1217	Flood Mitigation	14,172
1098	Various Road Improvements	50,143
1099	2010 Road Program	17,363
1100	Sanitary Sewer Improvements	(142,500)
1101	Acquisition of Trucks with Plows	1,858
1102	Storm Drain System Improvements	204,323
1110	Morris Canal Bikeway 3	32,980
1121	Elevation of Homes	17,196
1126/1160	Paving of Stanley Street	(39,928)
1133	Installation of New Roof on the Public Library	8,940
1147	Flood Mitigation Acquisition or Reconstruction	8,018
1150	Refunding Ordinance-Hurricane Irene	22
1151	FEMA Flood Mitigation Project	870,258
1166	Refunding of Tax Appeals	306
991/1171	New Pump Station at Louis Street	81,086
1174	Improvements to Ridge Avenue	78,733
1175	Various Park Improvements	476
1180	Refunding of Tax Appeals	28,775
1183	Various Capital Improvements	439,509
1185	Improvements to Inwood Park	58,966
1187	Remediation of the Passaic River in Little Falls	2
1195	Improvements to Riker and Garrabant Avenues	39
1199	2014 Road Improvement Program	1,715
1204/1267	Stormwater Improvements - Morningside Circle	(427,574)
1212	Acquisition of Fire Engine	7,756
1213	Acquisition of Public Works Vehicle	63,424
1214	Replacement of Storm Drains	(30,197)
1215	2015 Road Improvement Program	5,184
1221	Crane Street Project	181,807
1234	Acquisition of Self Contained Breathing Apparatus	7,775
1253	2016 Road Resurfacing Program	(262,951)
1254	Various Capital Improvements	(158,182)
1255	Acquisition of Integrated Body and Car Camera System	29,148
1264	Acquisition of Generator at Recreation Center	(10,264)
1272	Duva Park Improvements	225,000
		<u>\$ 811,239</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF DUE FROM CURRENT FUND**

Balance, January 1, 2016			\$ 3,967,629
Increased by:			
Budget Appropriation - Overexpenditure of Ordinance Appropriation	\$	56,538	
Budget Appropriation - Capital Improvement Fund		76,489	
Cash Receipts Due from Current Fund			
DOT Grant Receivable		136,585	
Reserve for Debt Service		3,349	
Reserve for I&I		12,937	
Cash Disbursements on Behalf of Current Fund			
Note Paydown	442,373		
Note Interest	54,895		
		<u>497,268</u>	
			<u>783,166</u>
			4,750,795
Decreased by:			
Interest on Deposits		872	
Fund Balance Anticipated as Revenue in Current Fund		4,000	
Reserve for Debt Service Anticipated as Revenue in Current Fund		229,350	
Cash Receipts from Current Fund		<u>2,668,582</u>	
			<u>2,902,804</u>
Balance, December 31, 2016			<u>\$ 1,847,991</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2016	\$ 17,743,000
Decreased by:	
Bonds Paid By Budget Appropriations	<u>1,585,000</u>
Balance, December 31, 2016	<u>\$ 16,158,000</u>

TOWNSHIP OF LITTLE FALLS
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance, January 1, 2016	2016 Authorizations	Notes Paid by Budget	Grants Receivable Received	Contributions/ State Aid	Reserve for CDBG Applied	Balance, December 31, 2016	Bond Anticipation Note	Excess Note Proceeds	Expenditures	Unexpended Improvement Authorizations
721/802	Improvements to Various Roads.	\$ 50						\$ 50			\$ 50	
856	Morris Canal Pedestrian Way & Preserve	971						971				\$ 971
1092	Improvement Fairfield Pump Station	1,300,000						1,300,000			46,430	1,253,570
1095/1196	Flood Mitigation	1,161,838		\$ 46,441			\$ 1,115,397		\$ 1,115,397	\$ (1,115,397)		
1098	Various Road Improvements	82,344						82,344				82,344
1100	Sanitary Sewer Improvements	142,500						142,500			142,500	
1126/1160	Paving of Stanley Street	62,000						62,000			39,928	22,072
1147	Flood Mitigation Acquisition or Reconstruction	1,378,104		85,881	\$ 346,993		162,752	782,478	1,086,253	(303,775)		-
1150	Refunding Ordinance-Hurricane Irene	24						24				24
1151	FEMA Flood Mitigation Project	593,000		10,051				582,949	582,949			
1180	Refunding of Tax Appeals	300,000		300,000				-				
1199	2014 Road Improvement Program	332,500				\$ 232		332,268	332,301	(33)		
1204/1267	Stormwater Improvements - Morningside Circle	285,700	\$ 218,500					504,200			427,574	76,626
1212	Acquisition of Fire Engine	617,500						617,500	617,500			
1213	Acquisition of Public Works Vehicle	307,800						307,800	307,800			
1214	Replacement of Storm Drains	380,000						380,000			30,197	349,803
1215	2015 Road Improvement Program	285,000						285,000	285,000			
1216	Railroad Avenue Park Improvements	64,800						64,800	64,800			
1221	Crane Street Project	80,000						80,000				80,000
1234	Acquisition of Self Contained Breathing Apparatus	518,000						518,000	518,000			
1253	2016 Road Resurfacing Program		304,000					304,000			262,951	41,049
1254	Various Capital Improvements		199,000					199,000			158,182	40,818
1255	Acquisition of Integrated Body and Car Camera System		147,000					147,000	147,000			
1264	Acquisition of Generator at Recreation Center		40,000					40,000			10,264	29,736
1272	Duva Park Improvements	-	475,000	-	-	-	-	475,000	-	-	-	475,000
		<u>\$ 7,892,131</u>	<u>\$ 1,383,500</u>	<u>\$ 442,373</u>	<u>\$ 346,993</u>	<u>\$ 232</u>	<u>\$ 1,278,149</u>	<u>\$ 7,207,884</u>	<u>\$ 5,057,000</u>	<u>\$ (1,419,205)</u>	<u>\$ 1,118,076</u>	<u>\$ 2,452,013</u>

Improvement Authorizations- Unfunded \$ 3,246,951
Less: Unexpended proceeds of BAN's

Ord. 1098	50,143
Ord. 1147	8,018
Ord. 1151	593,000
Ord. 1180	28,775
Ord. 1199	1,715
Ord. 1212	7,756
Ord. 1213	63,424
Ord. 1215	5,184
Ord. 1234	7,775
Ord. 1255	29,148

794,938
\$ 2,452,013

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2016	\$ 11
Increased by:	
Due from Current Fund - 2016 Budget Appropriation	<u>76,489</u>
	76,500
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>76,500</u>
Balance, December 31, 2016	<u>\$ -</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, January 1, 2016	\$ 2,416,784
Increased by:	
Contracts Awarded	<u>1,585,230</u>
	4,002,014
Decreased by:	
Restored to Improvement Authorizations	<u>2,416,784</u>
Balance, December 31, 2016	<u>\$ 1,585,230</u>

TOWNSHIP OF LITTLE FALLS
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2016		Capital Impvt. Fund	Grants Receivable	2016 Authorizations		Refund Applied	Current Year Contracts Payable	Prior Year Adjustment	Prior Year Contracts Payable Restored	Balance, December 31, 2016		Over Expenditures
				Funded	Unfunded			Deferred Charges to Future Taxation Unfunded	Expended					Funded	Unfunded	
828/910	Various Capital Improvements	3/1/1999	\$ 440,000	\$ 670					\$ 641					\$ 29		
844	Morris Canal Phase II	12/8/2000	140,000	859					859					-		
856	Morris Canal Pedestrian Way & Preserve	6/4/01	190,000	46,679	\$ 971									46,679	\$ 971	
904/935/947	Construction New Municipal Building	3/10/03	100,000													
		3/1/04,														
		9/13/04	100,000	107,597										107,597		
934	Reconstruction of Weaver			365										365		
956	Funding of the Regional Contribution for Affordable Housing	2/14/05	125,000	119,528										119,528		
957	Purchase of Aerial Ladder Fire Truck	3/14/05	850,000	211					211					-		
991/1171	New Pump Station at Louis Street	10/26/09	750,000													
		3/11/2013	165,000	83,159					2,073					81,086		
993	Acquisition of Generator & Firearms	8/14/2006	53,000	3,099										3,099		
1019				-										-		
1020/1086/ 1149/1155	Construction of a New Justice Complex	7/26/07	4,400,000													
		5/24/10	500,000													
		2/27/12	100,000													
		5/7/12	450,000	116,090					97,952					18,138		
1043	Acquisition of Fire Pumper	5/19/08	650,000	34,365					300					34,065		
1046	Sanitary Sewer Improvements	5/19/08	250,000	34,200					34,066					134		
1048	Storm Sewer Improvements	5/19/08	615,000	84					84					-		
1070	Sanitary Sewer Improvements	7/13/09	100,000	5,991					5,000					991		
1071	Storm Sewer Improvements	8/10/09	425,000	15,503					79,621		\$ 15,086		\$ 79,204	-		
1092	Improvement Fairfield Pump Station	6/14/10	1,300,000		1,254,790				16,220				15,000		1,253,570	
1095/1196/ 1217	Flood Mitigation	6/14/10	3,600,000		-										-	
		9/8/14	1,282,227													
		5/18/15	750,000	750,000	184,795				1,260,453		4,914		344,744	14,172	-	
1098	Various Road Improvements	7/12/10	807,000		137,265				4,778						132,487	
1099	2010 Road Program	7/12/10	250,000	21,496					4,133					17,363		
1101	Acquisition of Trucks with Plows	7/12/10	85,000	2,558	-				700					1,858	-	
1102	Storm Drain System Improvements	7/12/10	400,000	280,768					32,752			\$ 43,693		204,323		
1110	Morris Canal Bikeway 3	11/8/10	450,000	33,480					500					32,980		
1121	Elevation of Homes	5/9/2011	364,770	17,496					300					17,196		
1126/1160	Paving of Stanley Street	6/13/2011	192,000													
		8/6/12	40,000		22,072										22,072	
1128	Acquisition of Various Equipment	8/8/2011	76,000	-					13,000				13,000	-		
1133	Installation of New Roof on the Public Library	9/12/2011	142,920	8,940										8,940		
1147	Flood Mitigation Acquisition or Reconstruction	2/27/2012	6,270,300		241,520				478,002		232		244,732		8,018	
1150	Refunding Ordinance-Hurricane Irene	3/19/2012	675,000	22	24									22	24	
1151	FEMA Flood Mitigation Project	3/19/2012	3,924,800	585,956	593,000				306,548		2,150			277,258	593,000	

TOWNSHIP OF LITTLE FALLS
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	2016 Authorizations										Prior Year Contracts Payable Restored	Balance, December 31, 2016		Over Expenditures
				Balance, January 1, 2016		Capital Impvt. Fund	Grants Receivable	Deferred Charges to Future Taxation Unfunded	Expended	Refund Applied	Current Year Contracts Payable	Prior Year Adjustment (A)	Funded		Unfunded		
				Funded	Unfunded												
1166	Refunding of Tax Appeals	11/26/2012	\$ 790,000	\$ 306											\$ 306		
1174	Improvements to Ridge Avenue	5/6/2013	284,500	100,013				\$ 21,280							78,733		
1175	Various Park Improvements	5/6/2013	253,000	4,383				3,907							476		
1180	Refunding of Tax Appeals	10/10/2013	900,000		\$ 28,775											\$ 28,775	
1183	Various Capital Improvements	12/30/2013	2,560,000	1,440,544				145,826		\$ 863,890		\$ 8,681		439,509			
1185	Improvements to Inwood Park	11/18/2013	149,000	66,467	-			7,501						58,966		-	
1187	Remediation of the Passaic River in Little Falls	2/24/2014	100,000	362				360						2			
1195	Improvements to Riker and Garrabant Avenues	6/9/2014	250,000	6,964				6,925						39			
1199	2014 Road Improvement Program	9/8/2014	350,000		2,024			309								1,715	
1204/1267	Stormwater Improvements - Morningside Circle	11/24/2014	300,000	-	256,862	\$ 11,500		\$ 218,500	42,810	\$ 94,606	505,725	\$ (43,693)			76,626		-
		10/17/2016	230,000														
1212	Acquisition of Fire Engine	4/27/2015	650,000		45,106			637,289					599,939			7,756	
1213	Acquisition of Public Works Vehicles	4/27/2015	324,000		84,725			162,072			1,190		141,961			63,424	
1214	Replacement of Storm Drains	4/27/2015	400,000		375,979			44,026					17,850		349,803		
1215	2015 Road Improvement Program	4/27/2015	300,000		10,602			250,573					245,155			5,184	
1216	Railroad Avenue Park Improvements	4/27/2015	175,000	-	-			170,394			4,094		170,674	-			\$ 3,814
1221	Crane Street Project	7/13/2015	300,000	206,880	80,000			25,073						181,807	80,000		
1234	Acquisition of Self Contained Breathing Apparatus	11/23/2015	545,000	-	9,060			537,129					535,844	-		7,775	
1253	2016 Road Resurfacing Program	6/13/2016	320,000			16,000		304,000	259,151		19,800					41,049	
1254	Various Capital Improvements	6/13/2016	210,000			11,000		199,000	169,182							40,818	
1255	Acquisition of Integrated Body and Car Camera System	6/13/2016	155,000			8,000		147,000	17,292		108,560					29,148	
1264	Acquisition of Generator at Recreation Center	9/12/2016	120,000			5,000	\$ 75,000	40,000	30,675		59,589			-		29,736	
1272	Duva Park Improvements	12/19/2016	700,000	-	-	25,000	200,000	475,000	-	-	-	-	-	225,000	475,000		-
				<u>\$ 4,095,035</u>	<u>\$ 3,327,570</u>	<u>\$ 76,500</u>	<u>\$ 275,000</u>	<u>\$ 1,383,500</u>	<u>\$ 4,869,967</u>	<u>\$ 94,606</u>	<u>\$ 1,585,230</u>	<u>\$ -</u>	<u>\$ 2,416,784</u>	<u>\$ 1,970,661</u>	<u>\$ 3,246,951</u>	<u>\$ 3,814</u>	
									Cash Disbursed	<u>\$ 4,869,967</u>							
FEMA						\$ 75,000											
County Open Space						<u>200,000</u>											
						<u>\$ 275,000</u>											

(A) Represents the reclassification of prior years ordinance expenditures.

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF SERIAL BONDS**

	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2016		Interest Rate	Balance, January 1, 2016	Decreased	Balance, December 31, 2016
			Date	Amount				
General Bonds	3/15/2006	\$ 2,290,000				\$ 160,000	\$ 160,000	
General Bonds	12/15/2008	4,235,000				400,000	400,000	
Refunding of Bonds 2010	5/19/2010	2,690,000	5/1/2017	\$ 170,000	2.00-3.50 %	1,010,000	320,000	\$ 690,000
			5/1/2018-19	175,000				
			5/1/2020	170,000				
General Bonds	7/28/2010	3,599,000	8/1/2017	141,000	1.66-6.54 %	2,979,000	135,000	2,844,000
			8/1/2018	148,000				
			8/1/2019	155,000				
			8/1/2020	163,000				
			8/1/2021	171,000				
			8/1/2022	181,000				
			8/1/2023	191,000				
			8/1/2024	201,000				
			8/1/2025	213,000				
			8/1/2026	225,000				
			8/1/2027	239,000				
			8/1/2028	255,000				
			8/1/2029	272,000				
			8/1/2030	289,000				
General Bonds	8/15/2015	8,754,000	8/15/2017-20	250,000	2.000	8,754,000	250,000	8,504,000
			8/15/2021	250,000	4.000			
			8/15/2022	290,000	4.000			
			8/15/2023	464,000	4.000			
			8/15/2024-25	500,000	4.000			
			8/15/2026	500,000	2.500			
			8/15/2027-31	500,000	3.000			
			8/15/2032-34	500,000	3.250			
			8/15/2035	500,000	3.375			
			8/15/2036	500,000	3.500			
Refunding of Bonds 2015	12/10/2015	4,440,000	8/1/2017	810,000	3.000	4,440,000	320,000	4,120,000
			8/1/2018	800,000	4.000			
			8/1/2019	540,000	4.000			
			8/1/2020	535,000	4.000			
			8/1/2021	530,000	4.000			
			8/1/2022	525,000	4.000			
			8/1/2023	380,000	4.000			
						<u>\$ 17,743,000</u>	<u>\$ 1,585,000</u>	<u>\$ 16,158,000</u>

Paid by Current Fund Budget \$ 1,585,000

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF ACCOUNTS RECEIVABLE - RESIDENTIAL SHARE**

Balance, January 1, 2016	\$ 369,223
Decreased by:	
Cash Receipts	<u>77,361</u>
Balance, December 31, 2016	<u>\$ 291,862</u>

STATEMENT OF GRANTS RECEIVABLE

Balance, January 1, 2016	\$ 4,923,395
Increased by:	
Grants Awarded	
Utilized to Fund Improvement Authorizations	<u>275,000</u>
	5,198,395
Decreased by:	
Receipts Due from Current Fund (Reserve for Grants Receivable)	136,585
Cash Receipts	
Reserve for Grants Receivable	358,189
Grants Receivable	<u>557,482</u>
	<u>1,052,256</u>
Balance, December 31, 2016	<u>\$ 4,146,139</u>

Analysis of Balance

	<u>Pledged To</u>		
	<u>Reserve</u>	<u>Improv. Auth</u>	
DOT (Ord. 1098)	\$ 235,611		\$ 235,611
NJ OEM (Ord. 1147)	1,031,111	\$ -	1,031,111
NJ OEM (Ord. 1151)		884,217	884,217
NJ OEM (Ord. 1217)		578,901	578,901
NJ DEP (Ord. 1151)	593,000	266,200	859,200
DOT (Ord. 1174)	17,258		17,258
DOT (Ord. 1183)	5,737		5,737
CDBG (Ord 1193)	26,931		26,931
Passaic County (Ord. 1216)		17,173	17,173
DOT (Ord. 1221)		215,000	215,000
FEMA (Ord. 1264)		75,000	75,000
Passaic County (Ord. 1272)		150,000	150,000
Passaic County (Ord. 1272)	<u>-</u>	<u>50,000</u>	<u>50,000</u>
	<u>\$ 1,909,648</u>	<u>\$ 2,236,491</u>	<u>\$ 4,146,139</u>

STATEMENT OF RESERVE FOR LIBRARY ROOF/ DUE TO LIBRARY

Balance, January 1, 2016	\$ 6,165
Balance, December 31, 2016	<u>\$ 6,165</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF RESERVE FOR GRANTS RECEIVABLE**

Balance, January 1, 2016	\$ 2,404,422
Decreased by:	
Cash Receipts	
Applied to Deferred Charges Unfunded	\$ 346,993
Applied to General Capital Fund Balance	<u>147,781</u>
	<u>494,774</u>
Balance, December 31, 2016	<u>\$ 1,909,648</u>

Analysis of Balance

DOT (Ord. 1098)	\$ 235,611
NJ OEM (Ord. 1147)	1,031,111
NJ OEM (Ord. 1151)	593,000
DOT (Ord. 1174)	17,258
DOT (Ord. 1183)	5,737
CDBG (Ord. 1193)	<u>26,931</u>
	<u>\$ 1,909,648</u>

STATEMENT OF RESERVE FOR I&I

Balance, January 1, 2016	\$ 200,391
Increased by:	
Due from Current Fund	<u>12,937</u>
Balance, December 31, 2016	<u>\$ 213,328</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Original Date of Issue	Original Amount Issued	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2016	Increased	Decreased	Balance, December 31, 2016
1095/1196	Flood Mitigation	12/28/2012	3,333,000	12/18/2015 12/15/2016	12/16/2016 12/15/2017	0.78% 2.50%	\$ 1,529,356	\$ 1,115,397	\$ 1,529,356	\$ 1,115,397
1147	Flood Mitigation Acquisition or Reconstruction	7/31/2013	2,500,000	3/18/2015 12/18/2015 12/15/2016	1/6/2016 12/16/2016 12/15/2017	1.00% 0.78% 2.50%	2,500,000 1,132,388	1,086,253	2,500,000 1,132,388	- 1,086,253
1180	Refunding of Tax Appeals	12/27/2013	900,000	12/18/2015	12/16/2016	0.78%	300,000		300,000	-
1151	FEMA Flood Mitigation Project	5/14/2014	593,000	3/18/2015 12/18/2015 12/15/2016	1/6/2016 12/16/2016 12/15/2017	1.00% 0.78% 2.50%	593,000 593,000	582,949	593,000 593,000	- 582,949
1199	Various Road Improvements	12/19/2014	332,256	12/18/2015 12/15/2016	12/16/2016 12/15/2017	0.78% 2.50%	332,256	332,301	332,256	- 332,301
1212	Acquisition of Fire Engine	12/15/2016	617,500	12/15/2016	12/15/2017	2.50%		617,500		617,500
1213	Acquisition of Public Works Vehicle	12/15/2016	307,800	12/15/2016	12/15/2017	2.50%		307,800		307,800
1215	2015 Road Improvement Program	12/15/2016	285,000	12/15/2016	12/15/2017	2.50%		285,000		285,000
1216	Railroad Avenue Park Improvements	12/15/2016	64,800	12/15/2016	12/15/2017	2.50%		64,800		64,800
1234	Acquisition of Self Contained Breathing Apparatus	12/15/2016	518,000	12/15/2016	12/15/2017	2.50%		518,000		518,000
1255	Acquisition of Integrated Body and Car Camera System	12/15/2016	147,000	12/15/2016	12/15/2017	2.50%	-	147,000	-	147,000
							<u>\$ 6,980,000</u>	<u>\$ 5,057,000</u>	<u>\$ 6,980,000</u>	<u>\$ 5,057,000</u>
							Cash - New Notes	\$ 1,940,145		
							Renewals	3,116,855	\$ 3,116,855	
							Capital Cash		3,420,772	
							Budget Appropriation	-	442,373	
								<u>\$ 5,057,000</u>	<u>\$ 6,980,000</u>	

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF OVEREXPENDITURE OF ORDINANCE APPROPRIATION**

Balance, January 1, 2016	\$ 68,601
Increased by:	
Added in 2016	<u>3,814</u>
	72,415
Decreased by:	
Raised in 2016 Budget	<u>56,538</u>
Balance, December 31, 2016	<u>\$ 15,877</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, January 1, 2016	\$ 359,020
Increased by:	
Due from Current Fund	\$ 3,349
Cash Receipts	<u>3,709</u>
	<u>7,058</u>
	366,078
Decreased by:	
Anticipated as Revenue in 2016 Budget	<u>229,350</u>
Balance, December 31, 2016	<u>\$ 136,728</u>

STATEMENT OF RESERVE FOR CDBG

Balance, January 1, 2016	\$ 270,000
Increased by:	
Grant Proceeds Received in 2016	<u>1,008,149</u>
	1,278,149
Decreased by:	
Applied to Deferred Charges - Unfunded	<u>1,278,149</u>
Balance, December 31, 2016	<u>\$ -</u>

STATEMENT OF AMOUNT DUE FROM OPEN SPACE TRUST FUND

Balance, January 1, 2016	\$ 25,000
Decreased by:	
Received in 2016	<u>25,000</u>
Balance, December 31, 2016	<u>\$ -</u>

TOWNSHIP OF LITTLE FALLS
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance, January 1, 2016	Increased By		Decreased By		Balance, December 31, 2016
			2016 Authorizations		Receipts	Notes Issued	
721/802	Improvements to Various Roads	\$ 50					\$ 50
856	Morris Canal Pedestrian Way & Preserve	971					971
1092	Improvement Fairfield Pump Station	1,300,000					1,300,000
1098	Various Road Improvements	82,344					82,344
1100	Sanitary Sewer Improvements	142,500					142,500
1126	Paving of Stanley Street	62,000					62,000
1150	Refunding Ordinance-Hurricane Irene	24					24
1199	2014 Road Improvement Program	244			\$ 199	\$ 45	-
1204/1267	Stormwater Improvements - Morningside Circle	285,700	\$ 218,500				504,200
1212	Acquisition of Fire Engine	617,500				617,500	-
1213	Acquisition of Public Works Vehicle	307,800				307,800	-
1214	Replacement of Storm Drains	380,000					380,000
1215	2015 Road Improvement Program	285,000				285,000	-
1216	Railroad Avenue Park Improvements	64,800				64,800	-
1221	Crane Street Project	80,000					80,000
1234	Acquisition of Self Contained Breathing Apparatus	518,000				518,000	-
1253	2016 Road Resurfacing Program		304,000				304,000
1254	Various Capital Improvements		199,000				199,000
1255	Acquisition of Integrated Body and Car Camera System		147,000			147,000	-
1264	Acquisition of Generator at Recreation Center		40,000				40,000
1272	Duva Park Improvements	-	475,000		-	-	475,000
		<u>\$ 4,126,933</u>	<u>\$ 1,383,500</u>		<u>\$ 199</u>	<u>\$ 1,940,145</u>	<u>\$ 3,570,089</u>

PUBLIC ASSISTANCE FUND

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF PUBLIC ASSISTANCE CASH**

	<u>PATF #2</u>	<u>Total</u>
Balance, January 1, 2016	\$ 12,636	\$ 12,636
Increased by Receipts:		
State Aid	47,100	47,100
	47,100	47,100
	59,736	59,736
Decreased by Disbursements:		
Public Assistance Payments	43,278	43,278
Balance, December 31, 2016	\$ 16,458	\$ 16,458

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE FUND

	<u>PATF #2</u>	<u>Total</u>
Balance, January 1, 2016	\$ 12,636	\$ 12,636
Increased by:		
State Aid	47,100	47,100
	47,100	47,100
	59,736	59,736
Decreased by:		
Public Assistance	43,278	43,278
Balance, December 31, 2016	\$ 16,458	\$ 16,458

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF PUBLIC ASSISTANCE REVENUES**

	P.A.T.F. Account #2 <u>(100%)</u>	Fund <u>Total</u>
State Aid	\$ 47,100	\$ 47,100
Total Revenues (PATF)	<u>47,100</u>	<u>47,100</u>
Total Receipts/Revenues	<u>\$ 47,100</u>	<u>\$ 47,100</u>

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	P.A.T.F. Account #2 <u>(100%)</u>	Fund <u>Total</u>
Current Year Assistance		
Maintenance Payments	\$ 18,270	\$ 18,270
Temporary Rental Assistance	<u>25,008</u>	<u>25,008</u>
Total Current Year Assistance Reported	<u>43,278</u>	<u>43,278</u>
Total Disbursements	<u>\$ 43,278</u>	<u>\$ 43,278</u>

TOWNSHIP OF LITTLE FALLS

PART II

GOVERNMENT AUDITING STANDARDS

AND

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Township of Little Falls, as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated June 5, 2017. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting 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, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Little Falls' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Township of Little Falls' internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Little Falls' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2016-001 and 2016-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Little Falls' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Township of Little Falls in Part III of this report of audit entitled; "Letter of Comments and Recommendations".

Township of Little Falls' Responses to Findings


The Township of Little Falls' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Township of Little Falls' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township of Little Falls' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Township of Little Falls' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
June 5, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY U.S. UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the Township of Little Falls' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Township of Little Falls' major federal programs for the year ended December 31, 2016. The Township of Little Falls' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards financial assistance applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Township of Little Falls' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and U.S. Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township of Little Falls' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Township of Little Falls' compliance.

Opinion on Each Major Federal Program

In our opinion, the Township of Little Falls complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the Township of Little Falls is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township of Little Falls' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with U.S. Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township of Little Falls' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

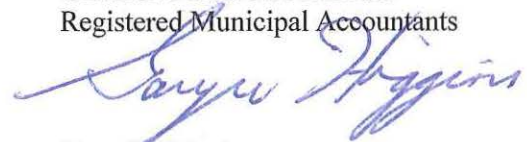
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance

We have audited the financial statements - regulatory basis of the Township of Little Falls as of and for the year ended December 31, 2016, and the related notes to the financial statements and have issued our report thereon dated June 5, 2017, which contained a modified opinion on those financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America and also contained an unmodified opinion on those financial statements prepared in accordance with the regulatory basis of accounting. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Uniform Guidance is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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



Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
June 5, 2017

TOWNSHIP OF LITTLE FALLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Grant Year</u>	<u>Account Number</u>	<u>CFDA Number</u>	<u>Grant Award Amount</u>	<u>2016 Grant Receipts</u>	<u>Balance, December 31, 2015</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Adjustment</u>	<u>Balance, December 31, 2016</u>	<u>Memo Cumulative Total Expenditures</u>
U.S. Department of Homeland Security											
Severe Repetitive Loss Program (Ord. 1095/1196/1217)	2010	1200-100-986-14	97.110	\$ 7,498,907	\$ 171,099	\$ 750,000		\$ 171,099		\$ 578,901	\$ 6,920,006
Severe Repetitive Loss Program (Ord. 1147)	2011	1200-100-986-14	97.110	8,649,170	346,993	1,378,104		346,993		1,031,111	7,618,059
Hazardous Mitigation Grant Program (Ord. 1151)	2012		97.039	2,943,600	321,813	1,206,030		321,813		884,217	2,059,383
FEMA (Ord. 1264)	2016			75,000			\$ 75,000			75,000	-
Bulletproof Vest Fund	2016			2,532			2,532			2,532	
Public Assistance Grant			97.036	837	837		837	837			837
Public Assistance Grant			97.039	15,739	15,739		15,739	15,739			15,739
U.S. Department of Transportation											
Drive Sober or Get Pulled Over	2012	1160-100-057-14	20.601	4,400		175				175	4,225
Highway Planning and Construction											
Ordinance 1098	2013	6320-480-AKN-13	20.205			235,611				235,611	264,389
Ordinance 1174	2013	6320-480-ALC-14	20.205		40,811	58,069		40,811		17,258	157,856
Ordinance 1183	2013	6320-480-ALL-14	20.205		52,024	57,761		52,024		5,737	214,263
Ordinance 1195	2014	6320-480-ALW-15	20.205		43,750	43,750		43,750		-	175,000
Ordinance 1221	2015	N/A	20.205			215,000				215,000	
U.S. Department of Housing and Urban Development											
Community Development Block Grant (Ord. 1193)	2014		14.218	36,960		36,960	-	10,029		26,931	
CDBG - Disaster Recovery Funds			14.269	2,035,000	1,008,149	-	1,278,149	1,278,149	-	-	1,278,149
						<u>\$ 3,981,460</u>	<u>\$ 1,372,257</u>	<u>\$ 2,281,244</u>	<u>\$ -</u>	<u>\$ 3,072,473</u>	

TOWNSHIP OF LITTLE FALLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>State Grant Program</u>	<u>Account Numbers</u>	<u>Grant Year</u>	<u>2016 Grant Receipts</u>	<u>Balance, December 31, 2015</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Adjustment</u>	<u>Balance, December 31, 2016</u>	<u>Memo Cumulative Total Expenditures</u>
Drunk Driving Enforcement Fund	1110-443-031020-22	2016	\$ 5,361		\$ 5,361			\$ 5,361	-
		2015		\$ 16,662				16,662	-
		2013		7,462				7,462	\$ 45
		2012		10,601		\$ 1,794		8,807	5,531
		2010		2,768		2,768		-	14,338
Alcohol Education and Rehabilitation Program	4250-760-05000-63-260	2005		1,724				1,724	2,648
		2015		8,554				8,554	-
		2016	2,063		2,063			2,063	
General Welfare Assistance	7550-100-121	2014		12,636	47,100	43,278		16,458	43,278
Clean Communities Act	4900-765-178900	2012		12,110		5,492		6,618	9,742
		2013		6,055				6,055	13,154
		2016	25,046	-	25,046			25,046	
Recycling Tonnage Grant	4830-752-050550-30	2014		34				34	16,503
		2015		21,346				21,346	-
Body Armor Grant	1020-718-001	2016	2,665		2,665	2,402		263	2,402
		2015		2,680		2,680		-	2,680
		2015		2,440		2,440		-	2,440
		2014		9		9		-	3,126
Municipal Alliance Program	N/A	2015		9,865		9,865		-	9,865
		2016	15,888	-	22,440	10,378		12,062	10,378

TOWNSHIP OF LITTLE FALLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>State Grant Program</u>	<u>Account Numbers</u>	<u>Grant Year</u>	<u>2016 Grant Receipts</u>	<u>Balance, December 31, 2015</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Adjustment</u>	<u>Balance, December 31, 2016</u>	<u>Memo Cumulative Total Expenditures</u>
Peckman River Grant	N/A	2001		\$ 15,095				\$ 15,095	\$ 90,145
Municipal Stormwater Regulation	N/A	2005		4,830				4,830	2,825
		2006		8,540				8,540	1,667
		2007		93				93	2,459
Safe Corridors	6100-100-051-13	2016	\$ 74,530	-	\$ 74,530	\$ 48,916		25,614	48,916
Louis Street Park Grant	N/A	2012		1,267				1,267	2,466
Communicable Diseases - Hep B Funds	4230-100-241-13	2013		2,820		381		2,439	381
Hazardous Mitigation Grant Program Blue Acres Grant (Ord. 1151)	1605-11-LBA	2012		859,200				859,200	122,000
Special Legislative Grants: Main St./Rte. 23 Curbs & Sidewalks	01-100-022-8030-196-FFFF-6120	2001		7,689	-	-	-	7,689	172,311
				<u>\$ 1,014,480</u>	<u>\$ 179,205</u>	<u>\$ 130,403</u>	<u>\$ -</u>	<u>\$ 1,063,282</u>	<u>\$ 579,300</u>

N/A - Not Available

Note: This schedule was not subject to an audit in accordance with OMB Circular 15-08.

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**TOWNSHIP OF LITTLE FALLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2016**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Township of Little Falls. The Township is defined in Note 1(A) to the Township's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Township's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Township's financial statements. Financial assistance revenues are reported in the Township's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 19,108	\$ 132,105	\$ 151,213
General Capital Fund	1,353,149	-	1,353,149
Public Assistance Trust Fund	<u>-</u>	<u>47,100</u>	<u>47,100</u>
Total Financial Awards	<u>\$ 1,372,257</u>	<u>\$ 179,205</u>	<u>\$ 1,551,462</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Township's fiscal year and grant program year.

**TOWNSHIP OF LITTLE FALLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2016**

NOTE 5 DE MINIMIS INDIRECT COST RATE

The Township has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

Part I – Summary of Auditor's Results

Financial Statement Section

- A) Type of auditors' report issued: Modified - Unaudited LOSAP
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? X yes no
- 2) Were significant deficiencies(s) identified that were not considered to be material weaknesses? yes X no
- C) Noncompliance material to basic financial statements noted? X yes no

State Awards Section

NOT APPLICABLE

Federal Awards Section

- D) Dollar threshold used to determine Type A programs: \$750,000
- E) Auditee qualified as low-risk auditee? yes X no
- F) Type of auditors' report on compliance for major programs: Unqualified
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? yes X no
- 2) Were significant deficiencies(s) identified that were not considered to be material weaknesses? yes no X N/A
- H) Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance? yes X no
- I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>97.110</u>	<u>Severe Repetitive Loss</u>
<u>97.039</u>	<u>Hazardous Mitigation Grant Programs</u>
<u>14.269</u>	<u>CDBG - Disaster Recovery</u>
<u> </u>	<u> </u>

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2016-001:

Our audit revealed that certain General Capital Fund contracts were not encumbered at December 31, 2016.

Criteria or specific requirement:

N.J.A.C. 5:30-5.2, "Encumbrance Systems".

Condition:

Certain outstanding liabilities were not encumbered at December 31, 2016.

Context:

- Certain General Capital Fund contracts totaling \$1,497,812 were not recorded on the "Open Commitments Report" at December 31, 2016.
- General Capital Fund Ordinance 1216 was overexpended at December 31, 2016 in the amount of \$3,814 as a result of recording unrecorded contracts.
- Contracts awarded are not encumbered in the Township's subsidiary improvement authorization ledger and general ledger.

Effect:

Improvement authorization balances in the General Capital Fund may not be available for contracts awarded which are not properly encumbered.

Cause:

Approved purchase orders are not prepared and recorded in the respective financial records when contracts are awarded or when change orders are approved in the General Capital Fund.

Recommendation:

Internal controls over encumbrances be reviewed and enhanced to ensure approved purchase orders are encumbered prior to the awarding of Township contracts.

Management's Response:

Management will review internal controls relating to the purchasing/cash disbursements accounting cycle.

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2016-002:

Bank reconciliations were not being prepared on a monthly basis, certain interfunds were not reconciled between funds or liquidated in a timely manner and several financial transactions were not properly recorded in the accounting records.

Criteria or specific requirement:

N.J.A.C. 5:30-5.7 General Ledger Accounting Systems – Subsidiary Ledgers.

Condition:

See Finding 2016-002.

Context:

Bank reconciliations were not prepared on a monthly basis, interfunds were not reconciled between funds and liquidated timely and certain financial transactions were not properly recorded in the financial records.

Effect:

- Cash balances in the general ledgers at month end could not be verified to the respective bank reconciliation.
- Significant interfund balances exist at December 31, 2016.
- Certain permanent accounting records did not properly reflect actual financial transactions on a monthly basis.

Cause:

Unknown.

Recommendation:

General ledgers be reconciled to subsidiary ledgers, interfunds and bank reconciliations.

Management's Response:

Management will review procedures relating to general ledger maintenance.

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

Not applicable

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

This section identified the status of prior-year findings related to the financial statements – regulatory basis and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-001:

Our audit revealed that certain General Capital Fund contracts were not encumbered at December 31, 2015.

Current Status

See Finding 2016-001.

Finding 2015-002:

Our audit revealed that monthly bank reconciliations were not being prepared in a timely manner.

Current Status

See Finding 2016-002.

TOWNSHIP OF LITTLE FALLS

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2016

TOWNSHIP OF LITTLE FALLS
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND

	<u>Year 2016</u>			<u>Year 2015</u>	
	<u>Amount</u>	<u>Percent</u>		<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 350,000	0.68 %	\$	538,000	1.02
Miscellaneous - From Other Than Local					
Property Tax Levies	4,385,135	8.53		6,322,047	12.02 %
Collection of Delinquent Taxes and Tax Title Liens	682,745	1.33		540,435	1.03
Collection of Current Tax Levy	45,637,372	88.82		44,918,428	85.44
Other Credits to Income	<u>330,225</u>	<u>0.64</u>		<u>257,761</u>	<u>0.49</u>
Total Income	<u>51,385,477</u>	<u>100.00 %</u>		<u>52,576,671</u>	<u>100.00 %</u>
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	16,729,762	32.96 %		18,235,490	34.76 %
County Taxes	12,325,655	24.29		12,533,868	23.89
Local and Regional School Taxes	21,454,052	42.28		21,161,306	40.33
Municipal Open Space Taxes	74,295	0.15		74,208	0.14
Other Expenditures	<u>163,757</u>	<u>0.32</u>		<u>464,049</u>	<u>0.88</u>
Total Expenditures	<u>50,747,521</u>	<u>100.00 %</u>		<u>52,468,921</u>	<u>100.00 %</u>
Excess in Revenues	637,956			107,750	
Adjustments to Income Before Fund Balance:					
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	<u>1,489</u>			<u>-</u>	
Statutory Excess to Fund Balance	639,445			107,750	
Fund Balance, January 1	<u>508,441</u>			<u>938,691</u>	
	1,147,886			1,046,441	
Less: Amount of Fund Balance Utilized as Revenue	<u>350,000</u>			<u>538,000</u>	
Fund Balance, December 31	<u>\$ 797,886</u>			<u>\$ 508,441</u>	

TOWNSHIP OF LITTLE FALLS
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>Tax Rate</u>	<u>\$3.121</u>	<u>\$3.076</u>	<u>\$2.994</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Including Library)	.83733	.81703	.79763
Municipal Open Space	.00500	.00500	.00510
County	.82957	.84432	.77483
Local School	.95510	.92216	.89650
Regional High School	.49400	.48749	.51994

Assessed Valuation

2016	<u>\$1,482,180,300</u>	
2015	<u>\$1,482,747,500</u>	
2014		<u>\$1,486,752,900</u>

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2016	\$ 46,370,804	\$ 45,637,372	98.41%
2015	45,662,861	44,918,428	98.36%
2014	44,546,802	43,925,371	98.60%

TOWNSHIP OF LITTLE FALLS
DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31</u> <u>Year</u>	<u>Amount of</u> <u>Tax Title</u> <u>Liens</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Total</u> <u>Delinquent</u>	<u>Percentage</u> <u>of</u> <u>Tax Levy</u>
2016	\$ 122,206	\$ 683,638	\$ 805,844	1.74%
2015	89,335	685,744	775,079	1.70%
2014	66,164	545,187	611,351	1.37%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2016	\$825,100
2015	825,100
2014	825,100

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance,</u> <u>December 31</u>	<u>Utilized</u> <u>In Budget of</u> <u>Succeeding Year</u>
<u>Current Fund</u>		
2016	\$797,886	\$400,000
2015	508,441	350,000
2014	938,691	538,000
2013	952,924	450,000
2012	809,883	150,000

**TOWNSHIP OF LITTLE FALLS
ROSTER OF OFFICIALS
DECEMBER 31, 2016**

<u>Name</u>	<u>Title</u>
Darlene Conti	Mayor
Louis Fontana	Council President
Pamela Porter	Councilman
James Damiano	Councilman
William Liess	Councilman
Joseph Maceri	Councilman
Charles Cuccia, CMFO	Chief Municipal Finance Office
	Treasurer
	Township Administrator
Cynthia Kraus	Township Clerk
	Assessment Search Officer
	Registrar of Vital Statistics
	Tax Collector
Denise Whiteside	Treasurer's Clerk
Pamela Cannataro	Judge
Toni Belford-Damiano	Court Administrator
Andrea Trombino	Deputy Court Administrator
Wilma DeFrancisci	Assessor
Richard Hamilton	Chief of Police
Steven Post	Superintendent of Public Works
Phillip H. Simone	Construction Code Official
Joseph Macones	Building Sub-Code Official
	Fire Protection Sub-Code Official
Edmund Pomponio	Plumbing Sub-code Official
Bruce Celenza	Electrical Sub-Code Official
Thomas Atry	Health Officer
John Biegel III, M.A.	Public Assistance Director
Robert D'Antonio	Township Attorney
William Northgrave	Township Engineer
Dennis G. Lindsay	Township Planner
Jeff Janota	Township Auditor
Gary Higgins	

All employees were insured for employee dishonesty in the amount of \$1,000,000 under the Statewide Insurance Fund.

**TOWNSHIP OF LITTLE FALLS
SUPPLEMENTARY DATA**

Our comments with respect to the examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the examination are herewith set forth.

GENERAL COMMENTS

Current Year

The audit indicated there exists certain prior year General Capital Fund grant receivable balances outstanding at December 31, 2016 and 2015. It is recommended that the prior year General Capital Fund grant receivable balances be reviewed and cleared of record.

The audit of the Township's bank reconciliations indicated that there exists certain old outstanding checks. It is recommended that old outstanding checks on the Township's bank reconciliations be reviewed and cleared of record.

The audit disclosed that the Township is not verifying payroll deductions remitted by the Township's third party payroll provider pursuant to the New Jersey Administrative Code. It is recommended that the Township implement procedures to verify the payment of payroll deductions by its third party payroll provider pursuant to the New Jersey Administrative Code.

Prior Year Unresolved

Our audit of the various Municipal Departments revealed that the cash receipt journal amounts for certain departments were not in agreement with amounts per the revenue report maintained by the finance office. It is recommended that the cash receipts journals maintained by the municipal departments be reconciled to the finance office's revenue report on a periodic basis.

The audit indicated that certain delinquent taxes erroneously presented to the lock box for deposit were not deposited within 48 hours of receipt of funds as result of being returned to the tax collector for processing. It is recommended that all delinquent tax deposits be made within 48 hours of receipt.

The audit indicated that there exists various interfund balances as of December 31, 2016 as a result of various financial transactions not recorded in the proper fund. It is recommended that all interfunds be cleared of record on a periodic basis and as of December 31.

The audit indicated that the Other Trust escrow ledger included old escrow deposits. It is recommended that old escrow deposits be reviewed and cleared of record, where applicable.

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S. 40A:11-4 states, "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the bid threshold, except by contract or agreement."

**TOWNSHIP OF LITTLE FALLS
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Continued)

The bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500. If the Township has a qualified purchasing agent the threshold can be increased to a maximum of \$40,000. The Township has a qualified purchasing agent and the Township, by resolution, increased the bid threshold to \$40,000.

The Township Committee has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract agreement might result in violation of the statute, the Township Counsel's opinion should be sought before a commitment is made.

Other purchases were made under provisions of contracts entered into with the State of New Jersey Division of Purchases and Property.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Collection of Interest on Delinquent Taxes and Assessments

N.J.S. 54:4-67, as amended, provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Township Committee, on January 4, 2016 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS NJSA 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the late payment of taxes as provided by law; and

WHEREAS NJSA 54:4-67 has been amended to permit the fixing of said rate at 8% per annum on the first \$1,500 of the delinquency and 18% per annum of any amount in excess of \$1,500 and allows an additional penalty of 6% to be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year;

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Little Falls as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes becoming delinquent after due date; 18% per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date; and, if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st of each year, an additional penalty of 6% shall be charged against such delinquency.
2. A ten (10) day grace period for quarterly payments shall be in effect for 2016.
3. Any payments not made in accordance with paragraph 2 of this resolution shall be charged interest from the due date as set forth in paragraph 1 of this resolution.

It appears from an examination of the Tax Collector's records that interest was collected in accordance with the foregoing resolution.

**TOWNSHIP OF LITTLE FALLS
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 29, 2016 and was complete.

Inspection of tax sale certificates revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2016	8
2015	8
2014	8

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

Suggestions to Management

Continued efforts be made to expend the appropriated Current Fund grant reserves.

**TOWNSHIP OF LITTLE FALLS
RECOMMENDATIONS**

It is recommended that:

- * 1. Internal controls over encumbrances be reviewed and enhanced to ensure approved purchase orders are encumbered prior to the awarding of Township contracts.
- * 2. General ledgers be reconciled to subsidiary ledgers, interfunds and bank reconciliations.
- * 3. Cash receipts journals maintained by the municipal departments be reconciled to the finance office's revenue report on a periodic basis.
- * 4. All delinquent tax deposits be made within 48 hours of receipt.
- * 5. All interfunds be cleared of record on a periodic basis and as of December 31.
- * 6. Old escrow deposits be reviewed and cleared of record, where applicable.
- 7. Old outstanding checks on the Township's bank reconciliations be reviewed and cleared of record.
- 8. The Township implement procedures to verify the payment of payroll deductions by its third party payroll provider pursuant to the New Jersey Administrative Code.
- 9. The prior year General Capital Fund grant receivable balances be reviewed and cleared of record.

A review was performed on all prior year's recommendations. Those recommendations which have not been corrected and which are repeated in this audit are denoted with an asterisk (*).

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.

Lerch, Vinci & Higgins LLP

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

Gary W. Higgins

Gary W. Higgins
Registered Municipal Accountant
RMA Number CR00405