

TOWNSHIP OF LITTLE FALLS
PASSAIC COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2013

TOWNSHIP OF LITTLE FALLS

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TOWNSHIP OF LITTLE FALLS

COUNTY OF PASSAIC

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013 and 2012, 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 Current Fund for the year ended December 31, 2013, 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 principles 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. 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 of 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 and presented by the Township of Little Falls on the basis of financial accounting and reporting principles 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 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 requirement that the Township of Little Falls prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, 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, 2013 and 2012, 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, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Township’s Trust Funds, and represent 65 percent and 66 percent of the assets and liabilities, respectively, of the Township’s Trust Funds as of December 31, 2013 and 2012.

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, 2013 and 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2013 in accordance with the basis of financial accounting and reporting principles 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

Required Supplementary Information

The Township has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

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 Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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.

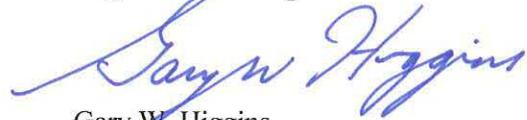
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 27, 2014 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
May 27, 2014

**TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	A-4	\$ 3,221,286	\$ 4,452,983
Cash - Change Funds	A-6	500	500
Grants Receivable	A-21	<u>59,150</u>	<u>116,712</u>
		<u>3,280,936</u>	<u>4,570,195</u>
Receivables and Other Assets With Full Reserves			
Taxes Receivable	A-9	307,846	506,355
Tax Title Liens Receivable	A-10	72,967	40,035
Property Acquired for Taxes at Assessed Valuation	A-11	825,100	825,100
Revenue Accounts Receivable	A-12	20,960	25,791
Prepaid School Taxes	A-32	39,402	15,919
Due from Unemployment Compensation Insurance Trust Fund	B-15	15,000	
Due from Open Space Fund	B-17	8,450	
Due from Animal Control Trust Fund	B-2	<u>6,844</u>	<u>4,120</u>
		<u>1,296,569</u>	<u>1,417,320</u>
Deferred Charges			
Special Emergency Authorizations	A-13	145,676	192,000
Overexpenditure of Appropriations	A-34	17,253	
Overexpenditure of Appropriation Reserves	A-34	<u>5,138</u>	<u>-</u>
		<u>168,067</u>	<u>192,000</u>
Total Assets		<u>\$ 4,745,572</u>	<u>\$ 6,179,515</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, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-17	\$ 517,981	\$ 404,828
Due to State of New Jersey			
Veterans' and Senior Citizens' Deductions	A-8	12,395	8,567
Accounts Payable	A-19		18,599
Encumbrances Payable	A-20	564,063	609,638
Due to Other Trust Fund	B-5	10,862	2,817
Prepaid Taxes	A-15	443,699	104,364
Miscellaneous Reserves	A-18	54,383	5,966
Due to Open Space Trust Fund	B-17		32
Reserve for Tax Appeals	A-30	90,546	270,000
Reserve for Hurricane Sandy Expenses	A-33	64,181	122,333
Reserve for Grants and Aid - Unappropriated	A-26	19,663	31,458
Reserve for Grants and Aid - Appropriated	A-27	178,962	149,739
Due to General Capital Fund	C-4	371,956	4,226
County Taxes Payable	A-25	25,963	25,420
Regional High School Taxes Payable	A-24		5,275
Notes Payable	A-28	140,000	175,000
Tax Anticipation Notes Payable	A-29		2,000,000
Fees Payable	A-16	1,425	275
Prepaid Licenses	A-14	-	13,775
		<u>2,496,079</u>	<u>3,952,312</u>
Reserve for Receivables	A	1,296,569	1,417,320
Fund Balance	A-1	<u>952,924</u>	<u>809,883</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,745,572</u>	<u>\$ 6,179,515</u>

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, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 150,000	
Miscellaneous Revenue Anticipated	A-2	3,244,577	\$ 3,749,586
Receipts from Delinquent Taxes	A-2	500,471	556,125
Receipts from Current Taxes	A-2	42,143,342	42,374,186
Non-Budget Revenue	A-2	50,740	609,951
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-17	188,613	197,925
Accounts Payable Cancelled	A-1		2,834
Encumbrances Payable Cancelled	A-20	14,775	
Interfunds and Reserves Returned	A	20,039	4,373
		<hr/>	<hr/>
Total Income		46,312,557	47,494,980
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries and Wages	A-3	5,102,726	5,101,974
Other Expenses	A-3	6,092,497	5,969,369
Capital Improvements	A-3	105,000	90,000
Debt Service	A-3	2,244,489	2,434,472
Deferred Charges and Statutory Expenditures	A-3	1,273,344	1,476,719
Local District School Tax	A-23	12,819,666	12,560,260
Regional High School Tax	A-24	7,440,776	6,845,609
County Taxes	A-25	10,625,121	11,803,006
Due County for Added and Omitted Taxes	A-25	543	4,048
County Open Space Taxes	A-25	162,373	189,293
Municipal Open Space Taxes Payable	A-31	94,288	94,315
Reserve for Tax Appeals	A-1	-	270,000
Interfunds Created	A	30,294	4,120
Reserve Created for Prepaid School Taxes	A-32	39,402	15,919
Refund of Prior Year Revenue	A-1		74,148
Prior Year Deductions Disallowed	A-8	6,250	3,494
Overexpenditure of Appropriation Reserves	A-17	5,138	-
		<hr/>	<hr/>
Total Expenditures		46,041,907	46,936,746
Excess in Revenue		270,650	558,234

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, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Excess (Deficit) in Revenue (Carried Forward)	A-1	\$ 270,650	\$ 558,234
Adjustments to Income before Fund Balance:			
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	A-34	<u>22,391</u>	<u>192,000</u>
Statutory Excess to Fund Balance		293,041	750,234
Fund Balance, January 1	A	<u>809,883</u>	<u>59,649</u>
		1,102,924	809,883
Decreased by:			
Utilization as Anticipated Revenue	A-1	<u>150,000</u>	<u>-</u>
Fund Balance, December 31	A	<u>\$ 952,924</u>	<u>\$ 809,883</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, 2013

	Reference	2013 Anticipated Budget	Added N.J.S. 40A:4-87	2013 Realized	Excess or (Deficit)
Surplus Anticipated		\$ 150,000	-	\$ 150,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-12	29,100		31,130	\$ 2,030
Other	A-12	40,000		51,901	11,901
Fees and Permits					
Other	A-2	69,000		77,498	8,498
Fines and Costs					
Municipal Court	A-12	207,500		342,384	134,884
Interest and Costs on Taxes	A-12	120,000		95,397	(24,603)
Interest on Investments and Deposits	A-2	9,000		12,704	3,704
Recreation Fees	A-12	75,000		70,162	(4,838)
Energy Receipts Tax	A-12	1,225,311		1,225,311	
Consolidated Municipal Property Tax					
Relief Act	A-12	56,752		56,752	
Watershed Aid	A-18	1,457		1,457	
Reserve for Garden State Trust Fund	A-18	4,509		4,509	
Uniform Construction Code Fees	A-12	120,000		133,834	13,834
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					
Drunk Driving Enforcement Fund	A-26	7,507		7,507	
Clean Communities Grant	A-21		\$ 19,209	19,209	
Municipal Alliance on Alcoholism and Drug Abuse Program	A-21	24,489		24,489	
Alcohol Education and Rehabilitation Fund	A-21		2,744	2,744	
Recycling Tonnage Grant	A-26	19,150		19,150	
Communicable Disease Services - Hep. B Funds	A-21	2,820		2,820	
Body Armor Grant	A-26	4,801		4,801	

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Reference</u>	2013 Anticipated <u>Budget</u>	Added N.J.S. <u>40A:4-87</u>	2013 <u>Realized</u>	Excess or <u>(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	\$ 19,100		\$ 22,313	\$ 3,213
Montclair University Sewer Fees	A-12	209,000		176,300	(32,700)
Floyd Hall Pilot Payments	A-12	60,000		59,556	(444)
General Capital Fund Balance	C-4	1,609		1,609	
Reserve for FEMA	C-4	197,303		197,303	
FEMA	A-12	42,924		42,924	
Montclair University Fire Alarm Fees	A-12	41,900		52,960	11,060
IRS Contribution - Debt Service	A-12	79,478		41,558	(37,920)
Payments in Lieu of Taxes - Montclair State	A-12	235,395		235,395	
Cable TV Franchise Fee	A-12	159,819		159,819	
Sewer Service Fees	A-12	122,000	-	71,081	(50,919)
		<u>3,184,924</u>	<u>\$ 21,953</u>	<u>3,244,577</u>	<u>37,700</u>
Receipts from Delinquent Taxes	A-9	522,800	-	500,471	(22,329)
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes	A-2	10,971,370		10,875,852	(95,518)
Library Purposes	A-2	591,432	-	591,432	-
		<u>11,562,802</u>	<u>-</u>	<u>11,467,284</u>	<u>(95,518)</u>
Budget Totals		<u>\$ 15,420,526</u>	<u>\$ 21,953</u>	15,362,332	<u>\$ (80,147)</u>
Nonbudget Revenue	A-1,2			<u>50,740</u>	
				<u>\$ 15,413,072</u>	

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>Reference</u>	<u>2013</u>
Allocation of Current Tax Collections		
Revenue From Collections	A-9	\$ 42,143,342
Allocated to		
School and County Taxes	A-23,A-24,A-25, A-31	<u>31,317,734</u>
Balance for Support of Municipal Budget Appropriations		10,825,608
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>641,676</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 11,467,284</u>
Fees and Permits - Other		
Township Clerk	A-12	\$ 11,026
Department of Public Works - Road Opening	A-12	950
Sewer Connection	A-12	6,500
Police Department	A-12	6,358
Fire Prevention	A-12	<u>52,664</u>
	A-2	<u>\$ 77,498</u>
Interest on Investments and Deposits		
Collected in Current Fund	A-12	\$ 6,673
Due from Other Trust Fund	B-5	1,061
Due from General Capital Fund	C-4	4,945
Due from Animal Control Fund	B-2	<u>25</u>
	A-2	<u>\$ 12,704</u>
Non-Budget Revenue		
Admin. Fee - Senior Citizen's and Veteran Deductions		\$ 2,561
Miscellaneous		<u>48,179</u>
	A-2	<u>\$ 50,740</u>
Due from Animal Control -		
Statutory Excess	B-2	\$ 2,699
Cash Receipts	A-4	<u>48,041</u>
	A-2	<u>\$ 50,740</u>

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		<u>Overexpenditure</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Mayor and Council					
Salaries and Wages	\$ 12,000	\$ 12,000	\$ 11,834	\$ 166	
Other Expenses	1,000	1,000	750	250	
General Administration					
Salaries and Wages	89,400	100,400	99,233	1,167	
Other Expenses	19,475	19,475	17,245	2,230	
Municipal Clerk					
Salaries and Wages	206,800	176,800	173,496	3,304	
Other Expenses	55,500	55,500	54,368	1,132	
Financial Administration					
Salaries and Wages	143,000	101,000	98,967	2,033	
Other Expenses	56,200	56,200	46,300	9,900	
Audit Services					
Other Expenses	42,000	42,000	2,000	40,000	
Assessment of Taxes					
Salaries and Wages	43,600	46,600	46,898	-	298
Other Expenses	24,535	24,535	18,572	5,963	
Revenue Administration (Tax Collection)					
Salaries and Wages	100,000	118,000	117,416	584	
Other Expenses	15,000	15,000	13,260	1,740	
Legal Services and Costs					
	200,000	205,500	194,059	11,441	
Engineering Services and Costs					
Salaries and Wages	4,000	4,000	3,926	74	
Other Expenses	70,000	70,000	60,954	9,046	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	16,500	16,500	16,435	65	
Other Expenses	20,500	20,500	5,589	14,911	
INSURANCE					
Liability -	9,400	10,400	9,102	1,298	
Liability - NJHIF	197,000	197,000	181,477	15,523	
Workers Compensation -NJHIF	154,122	154,122	149,472	4,650	
Employee Group Health	973,877	973,877	932,257	41,620	
Unemployment Insurance	15,000	15,000	15,000	-	

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpenditure</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY					
Police					
Salaries and Wages	\$ 2,930,000	\$ 2,930,000	\$ 2,931,049	\$ -	\$ 1,049
Other Expenses	111,623	111,623	107,137	4,486	
Acquisition of Police Cars	25,000	25,000	23,787	1,213	
Fire Department					
Salaries and Wages	88,700	88,700	79,094	9,606	
Other Expenses	150,000	150,000	154,826	-	4,826
Fire Hydrant Service					
Other Expenses	165,000	165,000	149,038	15,962	
Emergency Management Services					
Salaries and Wages	10,000	5,000	2,606	2,394	
Other Expenses	14,110	14,110	5,924	8,186	
Fire Prevention					
Salaries and Wages	69,000	77,000	75,683	1,317	
Other Expenses	31,400	31,400	31,049	351	
Ambulance					
Other Expenses	12,500	12,500	10,523	1,977	
Municipal Prosecutor					
Salaries and Wages	17,800	17,800	17,791	9	
Other Expenses	300	300		300	
PUBLIC WORKS					
Streets and Roads Maintenance					
Salaries and Wages	794,000	814,000	821,908	-	7,908
Other Expenses	173,000	173,000	165,002	7,998	
Other Public Works Functions (Shade Tree)					
Salaries and Wages	1,200	1,200	200	1,000	
Other Expenses	9,500	9,500	2,503	6,997	
Solid Waste Collection					
Salaries and Wages	52,200	52,200	46,625	5,575	
Other Expenses	435,000	435,000	427,927	7,073	
Public Buildings and Grounds					
Salaries and Wages	8,500	8,500	8,871	-	371
Other Expenses	95,000	95,000	89,105	5,895	
Vehicle Maintenance (Including Police)					
Salaries and Wages	76,400	76,400	75,823	577	
Other Expenses	86,300	86,300	69,470	16,830	
Community Services Act	15,000	15,000		15,000	

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		<u>Overexpenditure</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
HEALTH & HUMAN SERVICES					
Board of Health					
Other Expenses	\$ 101,350	\$ 101,350	\$ 100,796	\$ 554	
Flood Board					
Other Expenses	150	150		150	
Administration of Public Assistance					
Salaries and Wages	12,200	12,200	12,198	2	
Other Expenses	400	400	381	19	
PARK AND RECREATION					
Recreation Services and Programs					
Salaries and Wages	139,600	139,600	135,877	3,723	
Other Expenses	62,150	62,150	47,592	14,558	
Senior Citizens' Transportation					
Other Expenses	2,800	2,800	2,575	225	
Senior Citizens' Activities					
Salaries and Wages	19,800	7,800	5,758	2,042	
Other Expenses	3,000	3,000	2,400	600	
PEOSHA Mandated Costs					
Physical Exam - Volunteer Fire Department	6,500	6,500	3,890	2,610	
STATE UNIFORM CONSTRUCTION CODE (52:27D-120 et seq.)					
Construction Code Official					
Salaries and Wages	96,500	116,500	116,500		
Other Expenses	35,100	35,100	33,214	1,886	
Sub-Code Official					
Plumbing Inspectors					
Salaries and Wages	14,400	14,400	14,346	54	
Electrical Inspection					
Salaries and Wages	15,100	15,100	14,760	340	
UTILITY EXPENSES AND BULK PURCHASES					
Utilities					
Street Lighting	112,000	112,000	76,393	35,607	
Telephone	50,000	55,000	57,495	-	\$ 2,495
Gas (Natural or Propane)	285,062	280,062	272,541	7,521	
Water	20,000	20,000	20,306	-	306

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpenditure</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
UTILITY EXPENSES AND BULK PURCHASES (cont'd)					
Utilities (Continued)					
Fuel Oil (Diesel)	\$ 62,000	\$ 62,000	\$ 39,657	\$ 22,343	
Gasoline	95,000	95,000	83,397	11,603	
Landfill/Solid Waste Disposal Costs	343,500	343,500	281,863	61,637	
OTHER COMMON OPERATING FUNCTIONS (UNCLASSIFIED)					
Celebration of Events					
Other Expenses	2,500	2,500	1,500	1,000	
Municipal Court					
Salaries and Wages	141,400	141,400	137,718	3,682	
Other Expenses	23,000	23,000	22,999	1	
Public Defender (P.L. 1977, C. 256)					
Other Expenses	<u>3,600</u>	<u>3,600</u>	<u>2,700</u>	<u>900</u>	<u>-</u>
Total Operations Within "CAPS"	<u>9,487,554</u>	<u>9,485,054</u>	<u>9,051,407</u>	<u>450,900</u>	<u>17,253</u>
Detail:					
Salaries and Wages	5,102,100	5,093,100	5,065,012	37,714	9,626
Other Expenses	<u>4,385,454</u>	<u>4,391,954</u>	<u>3,986,395</u>	<u>413,186</u>	<u>7,627</u>
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	230,000	230,000	224,850	5,150	
Prior Year Bills	1,420	1,420	1,420		
Public Employees Retirement System	228,656	231,156	231,145	11	
Police and Fireman's Retirement System	539,194	539,194	539,194		
Defined Contribution Retirement Program	250	250		250	
Pension Volunteer Fireman's Widow (NJS 43:12-38)	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal Within "CAPS"	<u>1,004,520</u>	<u>1,007,020</u>	<u>1,001,609</u>	<u>5,411</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>\$10,492,074</u>	<u>\$10,492,074</u>	<u>\$10,053,016</u>	<u>\$456,311</u>	<u>\$ 17,253</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		<u>Overexpenditure</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAPS"					
Sewer Contracts (Ch. 10, P.L. 1977)					
Passaic Valley Sewer Commission	\$ 860,000	\$ 860,000	\$ 860,000		
Second River Joint Meeting	2,394	2,394	2,393	\$ 1	
Third River Joint Meeting	1,248	1,248	1,248		
Township of Montclair	23,500	23,500	23,500		
City of Clifton	7,500	7,500		7,500	
EDUCATIONAL FUNCTIONS					
Maintenance of Free Public Library (Ch. 82, 541 P.L. 85)	591,432	591,432	591,432		
LOSAP	105,000	105,000	105,000	-	
Recycling Tax	<u>15,000</u>	<u>15,000</u>	<u>12,158</u>	<u>2,842</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>1,606,074</u>	<u>1,606,074</u>	<u>1,595,731</u>	<u>10,343</u>	<u>-</u>
Public and Private Programs Offset by Revenues					
Drunk Driving Enforcement Fund (Ch. 4, P.L. 1985)	7,507	7,507	240	7,267	
Municipal Alliance Program					
State Share	24,489	24,489	19,666	4,823	
Local Share	6,122	6,122	681	5,441	
Alcohol Education and Rehabilitation Fund	-	2,744	2,744		
Recycling Tonnage Grant	19,150	19,150		19,150	
Body Armor Grant	4,801	4,801	4,801		
Clean Communities Program	-	19,209	8,774	10,435	
Communicable Diseases - Hep. B Funds	<u>2,820</u>	<u>2,820</u>	<u>-</u>	<u>2,820</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>64,889</u>	<u>86,842</u>	<u>36,906</u>	<u>49,936</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,670,963</u>	<u>1,692,916</u>	<u>1,632,637</u>	<u>60,279</u>	<u>-</u>
Detail:					
Other Expenses	<u>1,670,963</u>	<u>1,692,916</u>	<u>1,632,637</u>	<u>60,279</u>	<u>-</u>
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	55,000	55,000	55,000		
Acquisition of Computers	<u>50,000</u>	<u>50,000</u>	<u>48,609</u>	<u>1,391</u>	<u>-</u>
Total Capital Improvements	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ 103,609</u>	<u>\$ 1,391</u>	<u>\$ -</u>

The Accompanying Notes are an Integral Part of these Financial Statements

TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>2013 Appropriated</u>		<u>2013 Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Overexpenditure</u>
MUNICIPAL DEBT SERVICE					
Payment of Bond Principal	\$ 1,274,000	\$ 1,274,000	\$ 1,274,000		
Payment of BANS and Capital Notes	260,000	260,000	260,000		
Interest on Notes	145,254	145,254	145,254		
Interest on Bonds	<u>565,235</u>	<u>565,235</u>	<u>565,235</u>	\$ -	-
Total Municipal Debt Service	<u>2,244,489</u>	<u>2,244,489</u>	<u>2,244,489</u>	-	-
DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"					
Special Emergency Authorizations-5 Years (N.J.S. 40A:4-55)	<u>46,324</u>	<u>46,324</u>	<u>46,324</u>	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>46,324</u>	<u>46,324</u>	<u>46,324</u>	-	-
DEFERRED CHARGES - UNFUNDED					
Ordinance 1150	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	-	-
Total Deferred Charges - Unfunded	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	-	-
Total General Appropriations - Excluded from "CAPS"	<u>4,286,776</u>	<u>4,308,729</u>	<u>4,247,059</u>	<u>\$ 61,670</u>	-
Subtotal General Appropriations	14,778,850	14,800,803	14,300,075	517,981	17,253
Reserve for Uncollected Taxes	<u>641,676</u>	<u>641,676</u>	<u>641,676</u>	-	-
Total General Appropriations	<u>\$15,420,526</u>	<u>\$15,442,479</u>	<u>\$14,941,751</u>	<u>\$517,981</u>	<u>\$ 17,253</u>
Reference	A-2			A	A-34

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

	<u>Reference</u>	Budget After <u>Modification</u>	<u>Paid or Charged</u>
Budget as Adopted	A-2	\$ 15,420,526	
Added by N.J.S. 40A:4-87	A-2	<u>21,953</u>	
		<u>\$ 15,442,479</u>	
 Cash Disbursed	 A-4		 \$ 13,493,188
Reserve for Uncollected Taxes	A-2		641,676
Deferred Charges			
Special Emergency Authorizations	A-13		46,324
Due to General Capital Fund	C-4		220,000
Encumbrances Payable	A-20		<u>540,563</u>
			 <u>\$ 14,941,751</u>

**TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Animal Control Trust Fund			
Cash	B-3	\$ 13,872	\$ 10,492
Other Trust Fund			
Cash	B-3	441,828	405,142
Due from Current Fund	B-7	10,862	2,817
		<u>452,690</u>	<u>407,959</u>
Unemployment Compensation Insurance Trust Fund			
Cash	B-3	6,138	2,232
Affordable Housing Trust Fund			
Cash	B-3	5,014	11,186
Open Space Trust Fund			
Cash	B-3	168,814	94,284
Due From Current Fund	B-19	-	32
		<u>168,814</u>	<u>94,316</u>
Length of Service Award Program Trust Fund (Unaudited)			
Investments	B	1,122,645	902,168
Contribution Receivable	B	105,000	105,000
		<u>1,227,645</u>	<u>1,007,168</u>
Total Assets		<u>\$ 1,874,173</u>	<u>\$ 1,533,353</u>

**TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
LIABILITIES AND RESERVES			
Animal Control Trust Fund			
Due to Current Fund	B-4	\$ 6,844	\$ 4,120
Reserve for Animal Control Fund Expenditures	B-5	7,028	6,121
Due to State of New Jersey	B-6	<u>-</u>	<u>251</u>
		<u>13,872</u>	<u>10,492</u>
Other Trust Fund			
Reserve for Inspection Fees	B-8	2,294	74
Reserve for Escrow Deposits	B-9	78,317	70,465
Miscellaneous Reserves	B-10	363,264	328,960
Building Surcharge Fees - Due to State of New Jersey	B-11	8,723	6,731
Reserve for Payroll Deductions Payable	B-13	803	196
Reserve for Payroll Deposits	B-14	<u>(711)</u>	<u>1,533</u>
		<u>452,690</u>	<u>407,959</u>
Unemployment Compensation Insurance Trust Fund			
Reserve for Unemployment Compensation Insurance	B-15	(17,958)	851
Due to the State of New Jersey	B-16	9,096	1,381
Due to Current Fund	B-17	<u>15,000</u>	<u>-</u>
		<u>6,138</u>	<u>2,232</u>
Affordable Housing Trust Fund			
Reserve for Affordable Housing	B-18	<u>5,014</u>	<u>11,186</u>
Open Space Trust Fund			
Due to Current Fund	B-19	8,450	
Reserve for Open Space	B-20	<u>160,364</u>	<u>94,316</u>
		<u>168,814</u>	<u>94,316</u>
Length of Service Award Program Trust Fund (Unaudited)			
Reserve for LOSAP	B	<u>1,227,645</u>	<u>1,007,168</u>
Total Liabilities and Reserves		<u>\$ 1,874,173</u>	<u>\$ 1,533,353</u>

TOWNSHIP OF LITTLE FALLS
STATEMENT OF REVENUES - REGULATORY BASIS - OPEN SPACE TRUST FUND

	<u>Reference</u>	2013 Budget (Memorandum)	2013 Realized	Excess or (Deficit)
Amount to be Raised by Taxation	B-20	\$ 94,315	\$ 94,288	\$ (27)
		<u>\$ 94,315</u>	94,288	<u>\$ (27)</u>
Non-Budget Revenue	B-20		<u>247</u>	
			<u>\$ 94,535</u>	
Analysis of Non-Budget Revenue				
Interest on Deposits			<u>\$ 247</u>	

EXHIBIT B-2

STATEMENT OF EXPENDITURES - REGULATORY BASIS - OPEN SPACE TRUST FUND

	<u>Reference</u>	2013 Budget (Memorandum)	2013 Paid or Charged	Excess or (Deficit)
Reserve for Future Use	B-20	\$ 94,315	\$ 28,487	\$ 65,828
		<u>\$ 94,315</u>	<u>\$ 28,487</u>	<u>\$ 65,828</u>
	<u>Reference</u>		B-20	

**TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	C-2,C-3		\$ 4,732,269
Deferred Charges to Future Taxation			
Funded	C-5	\$ 11,632,000	12,906,000
Unfunded	C-6	18,560,897	15,843,368
Due From Current Fund	C-4	371,956	4,226
Accounts Receivable - Residential Costs	C-11	617,430	627,030
Grants Receivable	C-12	10,326,808	10,040,340
Overexpenditure of Ordinance Appropriation	C-18	<u>2,378,870</u>	<u>-</u>
 Total Assets		 <u>\$ 43,887,961</u>	 <u>\$ 44,153,233</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Cash Overdraft	C-2,C-3	\$ 111,968	
General Serial Bonds	C-10	11,632,000	\$ 12,906,000
Bond Anticipation Notes	C-17	12,404,000	8,488,000
Contracts Payable	C-8	3,054,038	1,376,430
Improvement Authorizations			
Funded	C-9	4,586,595	7,666,244
Unfunded	C-9	7,989,605	9,438,382
Capital Improvement Fund	C-7	80,968	176,233
Reserve for Library Roof/Due to Library	C-13	6,165	6,165
Reserve for Grants Receivable	C-14	3,787,111	3,322,500
Reserve for I&I	C-16	200,391	200,391
Reserve for FEMA	C-15		571,279
Fund Balance	C-1	<u>35,120</u>	<u>1,609</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 43,887,961</u>	 <u>\$ 44,153,233</u>

There were bonds and notes authorized but not issued on December 31, 2013 and 2012 in the amount of \$6,352,942 and \$7,359,368 respectively (Exhibit C-19).

TOWNSHIP OF LITTLE FALLS
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$ 1,609	
Increased by:			
Premium on Sale of Notes	C-2	35,120	\$ 1,609
Cancelled Improvement Authorizations	C-1	<u>-</u>	<u>98,382</u>
		<u>36,729</u>	<u>99,991</u>
Decreased by:			
Utilized as Revenue in Current Fund	C-4	<u>1,609</u>	<u>98,382</u>
Balance, December 31	C	<u>\$ 35,120</u>	<u>\$ 1,609</u>

**TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	D-1	\$ 10,095	\$ 14,161
RESERVES			
Reserve for Public Assistance	D-2	<u>\$ 10,095</u>	<u>\$ 14,161</u>

**TOWNSHIP OF LITTLE FALLS
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
General Fixed Assets:		
Land	\$ 8,248,100	\$ 6,765,100
Buildings and Building Improvements	9,394,210	4,102,500
Vehicles and Equipment	<u>8,487,875</u>	<u>7,921,108</u>
 Total General Fixed Assets	 <u>\$ 26,130,185</u>	 <u>\$ 18,788,708</u>
 Investment in General Fixed Assets	 <u>\$ 26,130,185</u>	 <u>\$ 18,788,708</u>

NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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/Council) form of government. 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, 2013 AND 2012**

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 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 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, 2013 AND 2012**

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.

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, 2013 AND 2012**

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 June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Township. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on 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, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items in the current fund, except for prepaid debt service, are offset by a reserve, created by a charge to operations. GAAP does not require the establishment of a reserve for prepaid items.

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.

**TOWNSHIP OF LITTLE FALLS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the 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.

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

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.

Reclassifications - Certain reclassifications may have been made to the December 31, 2012 balances to conform to the December 31, 2013 presentation.

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.

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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 2013 and 2012 the Township Council increased the original budget by \$21,953 and \$282,155. The increases were funded by additional aid allotted to the Township of \$21,953 and \$90,155 in 2013 and 2012, respectively. Additionally, the increase for 2012 was partly attributable to emergency appropriations in the amount of \$192,000. In addition, the governing body approved several budget transfers during 2013 and 2012.

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>2013</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
Assessment of Taxes – Salaries and Wages	\$46,600	\$46,898	\$298
Police – Salaries and Wages	2,930,000	2,931,049	1,049
Fire Department – Other Expenses	150,000	154,826	4,826
Streets and Roads – Salaries and Wages	814,000	821,908	7,908
Public Buildings and Grounds – Salaries and Wages	8,500	8,871	371
Telephone	55,000	57,495	2,495
Water	20,000	20,306	306
			<u>\$17,253</u>
General Capital Fund			
Ord 1095 Flood Mitigation	\$3,600,000	\$5,978,870	<u>\$2,378,870</u>

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.

**TOWNSHIP OF LITTLE FALLS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 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. Deposits

The Township's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The 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.

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2013 and 2012, the book value of the Township's deposits were \$3,755,579 and \$9,723,249 and bank and brokerage firm balances of the Township's deposits amounted to \$4,260,504 and \$9,624,917, 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>2013</u>	<u>2012</u>
Insured	\$ 4,260,504	\$ 9,624,917

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, 2013 and 2012, 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.

**TOWNSHIP OF LITTLE FALLS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2013 and 2012, the Township had the following investments:

	Fair Value (LOSAP - Unaudited)	
	<u>2013</u>	<u>2012</u>
	Investment:	
VALIC LOSAP Investment Fund (Unaudited)	\$ 1,122,645	\$ 902,168

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, 2013 and 2012, \$1,122,645 and \$902,168 of the Township’s investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP - Unaudited)	
	<u>2013</u>	<u>2012</u>
	Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Township's name	\$ 1,122,645	\$ 902,168

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, 2013 and 2012, the Township’s investment in Variable Annuity Life Insurance Company (VALIC) was rated A2 by Moody’s Investors Service.

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 investment(s) was based on quoted market prices.

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

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
<u>Current</u>		
Property Taxes	\$ 307,846	\$ 506,355
Tax Title Liens	<u>72,967</u>	<u>40,035</u>
	<u>\$ 380,813</u>	<u>\$ 546,390</u>

In 2013 and 2012, the Township collected \$500,471 and \$556,125 from delinquent taxes, which represented 91% and 96% of the prior year delinquent taxes receivable balance.

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>2013</u>		<u>2012</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	\$ 30,294	\$ 382,818	\$ 4,120	\$ 7,075
Trust Funds:				
Animal Control		6,844		4,120
Other	10,862		2,817	-
Unemployment Compensation Insurance		15,000		
Open Space		8,450	32	
General Capital Fund	<u>371,956</u>	<u>-</u>	<u>4,226</u>	<u>-</u>
Total	<u>\$ 413,112</u>	<u>\$ 413,112</u>	<u>\$ 11,195</u>	<u>\$ 11,195</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, 2013 AND 2012**

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>2013</u>			
Current Fund			
Special Emergency Authorizations (40A4:55)	\$ 145,676	\$ 71,295	\$ 74,381
Overexpenditure of Apropriation	17,253	17,253	-
Overexpenditure of Appropriation Reserves	5,138		5,138
Overexpenditure of Ordinance Appropriation	<u>2,378,870</u>	<u>-</u>	<u>2,378,870</u>
	<u>\$ 2,546,937</u>	<u>\$ 88,548</u>	<u>\$ 2,458,389</u>
<u>2012</u>			
Current Fund			
Special Emergency Authorizations (40A4:55)	<u>\$ 192,000</u>	<u>\$ 38,400</u>	<u>\$ 153,600</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.

	<u>2013 Regional High School</u>	<u>2012 Regional High School</u>
Balance of Tax Deferred	<u>\$ 3,807,872</u>	<u>\$ 3,638,180</u>
	<u>3,807,872</u>	<u>3,632,905</u>
Taxes Payable	<u>\$ -</u>	<u>\$ 5,275</u>

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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 their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2013</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 865,707	\$ 450,000	\$ 676,171	\$ 150,000
Non-Cash Surplus	<u>87,217</u>	<u>-</u>	<u>133,712</u>	<u>-</u>
	<u>\$ 952,924</u>	<u>\$ 450,000</u>	<u>\$ 809,883</u>	<u>\$ 150,000</u>

NOTE 9 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2013 and 2012.

	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land	\$ 6,765,100	\$ 1,483,000		\$ 8,248,100
Buildings and Building Improvements	4,102,500	5,291,710		9,394,210
Vehicles and Equipment	<u>7,921,108</u>	<u>654,587</u>	\$ 87,820	<u>8,487,875</u>
	<u>\$ 18,788,708</u>	<u>\$ 7,429,297</u>	<u>\$ 87,820</u>	<u>\$ 26,130,185</u>
	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Land	\$ 6,765,100			\$ 6,765,100
Buildings and Building Improvements	4,102,500			4,102,500
Vehicles and Equipment	<u>7,580,488</u>	\$ 526,622	\$ 186,002	<u>7,921,108</u>
	<u>\$ 18,448,088</u>	<u>\$ 526,622</u>	<u>\$ 186,002</u>	<u>\$ 18,788,708</u>

**TOWNSHIP OF LITTLE FALLS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 10 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the 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.

	<u>2013</u>	<u>2012</u>
Issued		
General		
Bonds, Notes and Loans	\$ 24,036,000	\$ 21,394,000
Less: Funds Temporarily Held to Pay		
Bonds and Notes	<u>196,045</u>	<u>575,279</u>
Net Debt Issued	23,839,955	20,818,721
Authorized But Not Issued		
General		
Bonds and Notes	<u>6,352,942</u>	<u>7,359,368</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 30,192,897</u>	<u>\$ 28,178,089</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Township's revised Annual Debt Statement and indicates a statutory net debt of 1.69% and 1.51% at December 31, 2013 and 2012, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	\$ 30,388,942	\$ 196,045	\$ 30,192,897
School Debt	<u>3,738,843</u>	<u>3,738,843</u>	<u>-</u>
Total	<u>\$ 34,127,785</u>	<u>\$ 3,934,888</u>	<u>\$ 30,192,897</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2012</u>			
General Debt	\$ 28,753,368	\$ 575,279	\$ 28,178,089
School Debt	<u>4,096,685</u>	<u>4,096,685</u>	<u>-</u>
Total	<u>\$ 32,850,053</u>	<u>\$ 4,671,964</u>	<u>\$ 28,178,089</u>

**TOWNSHIP OF LITTLE FALLS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

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>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 62,305,247 <u>30,192,897</u>	\$ 64,902,837 <u>28,178,089</u>
Remaining Borrowing Power	<u>\$ 32,112,350</u>	<u>\$ 36,724,748</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>2013</u>	<u>2012</u>
\$2,986,000, 2003 Bonds, due in annual installments of \$256,000 to \$260,000 through August 1, 2018, interest at 3.5% to 4.00%	\$ 1,296,000	\$ 1,556,000
\$1,990,000, 2003 Bonds, due in annual installment of \$190,000 through November 1, 2014, interest at 3.5% to 4.00%	190,000	390,000
\$2,290,000, 2006 Bonds, due in annual installments of \$160,000 through March 15, 2022, interest at 4.00% to 4.250%	1,440,000	1,590,000
\$4,235,000, 2008 Bonds, due in annual installments of \$200,000 to \$410,000 through June 15, 2023, interest at 4.75% to 5.00%	3,810,000	4,010,000
\$2,690,000, 2010 Refunding Bonds, due in annual installments of \$170,000 to \$330,000 through May 1, 2020, interest at 2.00% to 3.50%	1,660,000	2,000,000
\$3,599,000, 2010 Bonds, due in annual installments of \$126,000 to \$289,000 through August 1, 2030, interest at 1.66% to 6.54% *	<u>3,236,000</u>	<u>3,360,000</u>
	<u>\$ 11,632,000</u>	<u>\$ 12,906,000</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 to 45% of the amount of interest paid.

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 is as follows:

Calendar Year	General		Total
	Principal	Interest	
2014	\$ 1,266,000	\$ 522,623	\$ 1,788,623
2015	1,271,000	478,889	1,749,889
2016	1,275,000	432,023	1,707,023
2017	1,131,000	384,213	1,515,213
2018	1,139,000	336,176	1,475,176
2019-2023	3,856,000	1,050,332	4,906,332
2024-2028	1,133,000	408,674	1,541,674
2029-2030	561,000	55,590	616,590
	<u>\$ 11,632,000</u>	<u>\$ 3,668,520</u>	<u>\$ 15,300,520</u>

Changes in Long-Term Municipal Debt

The Township's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	Balance December 31, 2012	Additions	Reductions	Balance, December 31, 2013	Due Within One Year
<u>2013</u>					
General Capital Fund					
Bonds Payable	<u>\$ 12,906,000</u>	<u>\$ -</u>	<u>\$ 1,274,000</u>	<u>\$ 11,632,000</u>	<u>\$ 1,266,000</u>
	Balance December 31, 2011	Additions	Reductions	Balance, December 31, 2012	Due Within One Year
<u>2012</u>					
General Capital Fund					
Bonds Payable	<u>\$ 14,682,000</u>	<u>\$ -</u>	<u>\$ 1,776,000</u>	<u>\$ 12,906,000</u>	<u>\$ 1,274,000</u>

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Township's short-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2012	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2013
2013						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Refunding Ordinance-Hurricane Irene	1.00%	5/15/2013	\$ 675,000		\$ 675,000	\$ -
	1.25%	5/14/2014		81,000		81,000
New Pump Station at Lewis Street	1.15%	6/28/2013	450,000		450,000	-
	1.25%	5/14/2014		606,750		606,750
Construction of a New Justice Complex	1.15%	6/28/2013	301,000		301,000	-
	1.25%	5/14/2014		301,000		301,000
Acquisition of Fire Pumper	1.15%	6/28/2013	617,500		617,500	-
	1.25%	5/14/2014		617,500		617,500
Sanitary Sewer Improvements	1.15%	6/28/2013	237,500		237,500	-
	1.25%	5/14/2014		237,500		237,500
Storm Sewer Improvements	1.15%	6/28/2013	584,250		584,250	-
	1.25%	5/14/2014		584,250		584,250
2009 Road Improvement Program	1.15%	6/28/2013	237,500		237,500	-
	1.25%	5/14/2014		237,500		237,500
Various Capital Improvements	1.15%	6/28/2013	142,500		142,500	-
	1.25%	5/14/2014		142,500		142,500
Various Road Improvements	1.15%	6/28/2013	309,166		309,166	-
	1.25%	5/14/2014		309,166		309,166
2010 Road Program	1.15%	6/28/2013	235,834		235,834	-
	1.25%	5/14/2014		231,834		231,834
Acquisition of Trucks with Plows	1.15%	6/28/2013	80,750		80,750	-
	1.25%	5/14/2014		80,750		80,750
Storm Drain System Improvements	1.15%	6/28/2013	380,000		380,000	-
	1.25%	5/14/2014		380,000		380,000
Reconstruction of Tennis Courts at Duva Park	1.15%	6/28/2013	114,000		114,000	-
	1.25%	5/14/2014		114,000		114,000
Refunding of Tax Appeals	1.75%	12/27/2013	790,000		790,000	-
	1.00%	12/19/2014		530,000		530,000
Flood Mitigation	1.75%	12/27/2013	3,333,000		3,333,000	-
	1.00%	12/19/2014		3,600,000		3,600,000
Flood Mitigation Acq. Or Reconstruction	1.25%	5/14/2014		2,500,000		2,500,000
Construction of a New Justice Complex	1.25%	5/14/2014		427,500		427,500
Improvements to Ridge Ave	1.25%	5/14/2014		284,500		284,500
Various Park Improvements	1.25%	5/14/2014		238,250		238,250
Refunding of Tax Appeals	1.00%	12/19/2014	-	900,000		900,000
			<u>\$ 8,488,000</u>	<u>\$ 12,404,000</u>	<u>\$ 8,488,000</u>	<u>\$ 12,404,000</u>

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, 2011	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2012
2012						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Refunding Ordinance-Hurricane Irene	1.00%	5/15/2013	\$ -	\$ 675,000	\$ -	\$ 675,000
New Pump Station at Lewis Street	1.15%	6/28/2013		450,000		450,000
Construction of a New Justice Complex	1.15%	6/28/2013		301,000		301,000
Acquisition of Fire Pumper	1.15%	6/28/2013		617,500		617,500
Sanitary Sewer Improvements	1.15%	6/28/2013		237,500		237,500
Storm Sewer Improvements	1.15%	6/28/2013		584,250		584,250
2009 Road Improvement Program	1.15%	6/28/2013		237,500		237,500
Various Capital Improvements	1.15%	6/28/2013		142,500		142,500
Various Road Improvements	1.15%	6/28/2013		309,166		309,166
2010 Road Program	1.15%	6/28/2013		235,834		235,834
Acquisition of Trucks with Plows	1.15%	6/28/2013		80,750		80,750
Storm Drain System Improvements	1.15%	6/28/2013		380,000		380,000
Reconstruction of Tennis Courts at Duva Park	1.15%	6/28/2013		114,000		114,000
Refunding of Tax Appeals	1.75%	12/27/2013		790,000		790,000
Flood Mitigation	1.75%	12/27/2013	-	3,333,000	-	3,333,000
			<u>\$ -</u>	<u>\$ 8,488,000</u>	<u>\$ -</u>	<u>\$ 8,488,000</u>

The purpose of these short-time 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.

**TOWNSHIP OF LITTLE FALLS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Township's statutory debt limit calculation is reported in the Current Fund for the years 2013 and 2012 as follows:

Emergency Notes

Any local unit may borrow money and issue its negotiable notes to meet an emergency appropriation. All emergency notes, and any renewals thereof, shall mature not later than the last day of the fiscal year following the fiscal year in which the notes were issued and the emergency appropriation authorized.

2012

Emergency Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2011</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2012</u>
Hurricane Irene	1.25%	5/15/2012	\$ 919,000	\$ -	\$ 919,000	\$ -
Total Emergency Notes			\$ 919,000	\$ -	\$ 919,000	\$ -

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the Township may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

2013

Special Emergency Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2012</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2013</u>
Hurricane Sandy	1.75%	12/27/2013	\$ 175,000		\$ 175,000	
Hurricane Sandy	1.00%	12/19/2014	-	\$ 140,000	-	\$ 140,000
Total Special Emergency Notes			\$ 175,000	\$ 140,000	\$ 175,000	\$ 140,000

2012

Special Emergency Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2011</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2012</u>
Revaluation	1.00%	2/24/2012	\$ 85,000		\$ 85,000	
Hurricane Sandy	1.75%	12/27/2013	-	\$ 175,000	-	\$ 175,000
Total Special Emergency Notes			\$ 85,000	\$ 175,000	\$ 85,000	\$ 175,000

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 10 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Tax Anticipation Notes

In any fiscal year in anticipation of the collection of taxes for such year, whether levied or to be levied in such year, or in anticipation of other revenues for such year, the Township may borrow money in the form of tax anticipation notes. The amount of tax anticipation notes of any fiscal year outstanding at any one time shall not exceed an amount certified as the gross borrowing power. Tax anticipation notes may be renewed from time to time, but all such notes and any renewals shall mature within 120 days after the beginning of the succeeding fiscal year.

2013

<u>Tax Anticipation Notes</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2012</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2013</u>
<u>Purpose</u>						
Tax Anticipation Notes	1.25%	2/15/2013	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Total Tax Anticipation Notes			\$ 2,000,000	\$ -	\$ 2,000,000	\$ -

2012

<u>Tax Anticipation Notes</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2011</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2012</u>
<u>Purpose</u>						
Tax Anticipation Notes	1.25%	2/15/2013	\$ 2,500,000		\$ 2,500,000	
	1.25%	2/15/2013	-	\$ 2,000,000	-	\$ 2,000,000
Total Tax Anticipation Notes			\$ 2,500,000	\$ 2,000,000	\$ 2,500,000	\$ 2,000,000

**TOWNSHIP OF LITTLE FALLS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 11 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2013</u>		
Construction of New Justice Complex	\$312,116	2014
Home Elevation Services	216,778	2014
Improvements to Ridge Avenue	23,048	2014
Fire Pumper Apparatus	32,759	2014
Improvements to Amity Park	123,740	2014
Home Elevation Project	532,870	2014
Home Elevation Project	775,150	2014
Library Roof Construction	8,768	2014
Improvements to Third Avenue	236,319	2014
Improvements to William, Burber and Lewis Streets	409,869	2014
Police Radios and Equipment	<u>322,201</u>	2014
	<u>\$2,993,618</u>	
<u>2012</u>		
Construction of New Justice Complex	\$312,116	2013
Morris Canal bikeway	77,199	2013
Fire Pump Apparatus	32,759	2013
Stormwater System Improvements	81,401	2013
Library Roof Reconstruction	2,468	2013
Louis Street Pump Station	1,122	2013
Improvements to Stanley Street	89,132	2013
Townwide Reassessment	217,045	2013
Roadway Improvements to Veranda Ave. and Stanley Street	<u>110,039</u>	2013
	<u>\$923,281</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.

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 OTHER LONG-TERM LIABILITIES (Continued)

The maximum benefit an employee is entitled to at retirement except for the Public Works and Police Department, is \$5,000.

The maximum benefit for a Public Works employee is \$8,000 and \$5,000 for 2013 and 2012, respectively.

The maximum benefit of a sworn officer of the Police Department is entitled to at retirement is \$11,541 and \$11,541 for 2013 and 2012, respectively.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$264,571 and \$248,428 at December 31, 2013 and 2012, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

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 \$282,488 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 7.9%) at December 31, 2013 and 2012 is \$324,372 and \$340,253, respectively.

Changes in Other Long-Term Liabilities

The Township's changes in other long-term liabilities for the years ended December 31, 2013 and 2012 were as follows:

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
Compensated Absences	\$ 248,428	\$ 16,143		\$ 264,571	
Deferred Pension Obligation	<u>340,253</u>	<u>24,721</u>	<u>\$ 40,602</u>	<u>324,372</u>	<u>\$ 41,717</u>
Other Long-Term Liabilities	<u>\$ 588,681</u>	<u>\$ 40,864</u>	<u>\$ 40,602</u>	<u>\$ 588,943</u>	<u>\$ 41,717</u>
	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<u>2012</u>					
Compensated Absences	\$ 231,654	\$ 16,774		\$ 248,428	
Deferred Pension Obligation	<u>351,503</u>	<u>27,726</u>	<u>\$ 38,976</u>	<u>340,253</u>	<u>\$ 40,602</u>
Other Long-Term Liabilities	<u>\$ 583,157</u>	<u>\$ 44,500</u>	<u>\$ 38,976</u>	<u>\$ 588,681</u>	<u>\$ 40,602</u>

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

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

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

Other Pension Funds

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

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

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

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

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

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rate was 6.64%. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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.

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including CPFPE, PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 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.

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, 2012 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) 7.90% for investment rate of return for all the retirement systems and (b) changes to projected salary increases, which vary by fund.

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 6.50% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS and 10.0% for PFRS of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made.

**TOWNSHIP OF LITTLE FALLS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 13 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2013, 2012 and 2011, the Township, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program 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>
2013	\$ 539,194	\$ 254,656
2012	553,939	247,033
2011	543,196	240,725

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 New Jersey Intergovernmental Insurance Fund (NJIIIF). The joint insurance fund is 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 NJIIF coverage amounts are on file with the Township.

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 fund 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.

**TOWNSHIP OF LITTLE FALLS
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 14 RISK MANAGEMENT (Continued)

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 December 31</u>	<u>Township Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance (Deficit)</u>
2013	\$ 15,000	\$ 5,514	\$ 39,333	\$ (17,958)
2012	22,500	6,292	28,805	851
2011	2,500	7,856	34,927	864

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, 2013 and 2012. 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, to be immaterial. As of December 31, 2013 and 2012, the Township reserved \$90,546 and \$270,000, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

Federal and State Awards - The 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, 2013 and 2012, 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, 2013 AND 2012**

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. At December 31, 2013 and 2012, the Township has no arbitrage earnings due 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 come from contributions made solely by the Township on behalf of those volunteers who meet the criteria of a plan created by the governing body.

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

The Township of Little Falls has contributed \$1,250 and \$1,250 for 2013 and 2012, respectively, for each eligible Volunteer Fire Department member into the Plan.

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.

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.

**TOWNSHIP OF LITTLE FALLS
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Township perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review 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 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Township has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Township has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2013. As of December 31, 2013, the Township has received \$100,489 in FEMA reimbursements relating to Hurricane Sandy which have been reflected in the financial statements.

NOTE 19 SUBSEQUENT EVENTS

Tax Anticipation Notes

On April 24, 2014 the Township issued \$1,500,000 of Tax Anticipation Notes to temporarily finance the Township's operating expenditures. The Township awarded the sale of said notes to Lakeland Bank at an interest rate of 0.90%. These notes will mature on July 31, 2014.

Bond Anticipation Notes

On May 14, 2014 the Township issued Bond Anticipation Notes in the amount of \$12,027,570 to temporarily finance expenditures related to various capital projects. The Township awarded the sale of said notes to Janney Montgomery Scott at an interest rate of 1.25%. These notes will mature on March 19, 2015.

Debt Authorized

Through May 2014, the Township adopted two bond ordinances authorizing the issuance of \$152,000 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, December 31, 2012		\$ 4,452,983
Increased by Receipts:		
Receipts from Other Funds		
Animal Control Trust Fund		
General Capital Fund		
Due to Other Trust for Inspection Fees	\$ 11,228	
Due to General Capital Fund	667,746	
Tax Collector	43,005,664	
Revenue Accounts Receivable	2,843,776	
Non Budget Revenue	48,041	
Due from State of NJ - Veterans' and Senior Citizens' Deductions	128,028	
Grants Receivable	106,824	
Reserve for Grants and Aid - Unappropriated	19,663	
Fees Payable	1,650	
Petty Cash	1,100	
Miscellaneous Reserves	<u>54,383</u>	
		<u>46,888,103</u>
		51,341,086
Decreased by Disbursements:		
2013 Budget Appropriations	13,493,188	
2012 Appropriation Reserves	818,164	
Local District School Tax	12,803,747	
Regional High School Tax	7,446,051	
County Taxes	10,787,494	
Municipal Open Space Taxes	94,283	
Prepaid School Taxes	39,402	
Reserve for Tax Appeals	179,454	
Reserve for Grants and Aid - Appropriated	3,481	
Refund of Tax Overpayments	57,569	
Accounts Payable	18,599	
Fees Payable	500	
Due from Unemployment Fund	15,000	
Tax Anticipation Notes Payable	2,000,000	
Special Emergency Notes Payable	35,000	
Payments Made to Other Trust Fund	2,122	
Payments Made to General Capital Fund	150,329	
Due from General Capital Fund	165,830	
Due from Open Space Trust Fund	8,487	
Petty Cash	<u>1,100</u>	
		<u>48,119,800</u>
Balance, December 31, 2013		<u>\$ 3,221,286</u>

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

Increased by Receipts:	
Revenue Accounts Receivable	\$ 95,397
Taxes Receivable	42,408,999
Tax Overpayments	57,569
Prepaid Taxes	<u>443,699</u>
	<u>43,005,664</u>
Decreased by:	
Payments to Treasurer	<u>\$ 43,005,664</u>

EXHIBIT A-6

STATEMENT OF CHANGE FUNDS

<u>Office</u>	Balance, December 31, <u>2012</u>	Balance, December 31, <u>2013</u>
Tax Collector	\$ 275	\$ 275
Township Clerk	125	125
Court Clerk	<u>100</u>	<u>100</u>
	<u>\$ 500</u>	<u>\$ 500</u>

EXHIBIT A-7

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 STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2012		\$	8,567
Increased By:			
Cash Receipts	\$	128,028	
Deductions Disallowed by Tax Collector		1,800	
Prior Year Deductions Disallowed by Tax Collector		<u>6,250</u>	
			<u>136,078</u>
			144,645
Decreased By:			
Senior Citizens, Veterans and Disabled Persons Tax Deductions:			
Per Tax Billings		131,500	
Allowed by Tax Collector		<u>750</u>	
			<u>132,250</u>
Balance, December 31, 2013		\$	<u>12,395</u>

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

<u>Year</u>	Balance, December 31, <u>2012</u>	2013 <u>Levy</u>	Senior Citizens' and Veterans' Deductions <u>Disallowed</u>	Collected In <u>2012</u> <u>2013</u>		Senior Citizens' and Veterans' Deductions <u>Allowed</u>	Transferred to Tax <u>Title Liens</u>	<u>Cancelled</u>	Balance, December 31, <u>2013</u>
2011	\$ 1,238							\$ 988	\$ 250
2012	<u>505,117</u>	-	\$ 6,250	-	\$ 500,471	-	\$ 10,896	-	-
	506,355	-	6,250	-	500,471	-	10,896	988	250
2013	<u>-</u>	\$ <u>42,887,838</u>	<u>1,800</u>	\$ <u>104,364</u>	<u>41,908,528</u>	\$ <u>132,250</u>	<u>20,234</u>	<u>416,666</u>	<u>307,596</u>
	<u>\$ 506,355</u>	<u>\$ 42,887,838</u>	<u>\$ 8,050</u>	<u>\$ 104,364</u>	<u>\$ 42,408,999</u>	<u>\$ 132,250</u>	<u>\$ 31,130</u>	<u>\$ 417,654</u>	<u>\$ 307,846</u>

Analysis of 2013 Property Tax Levy

Tax Yield	
General Purpose Tax	\$ 42,885,681
Added Taxes (R.S. 54:4-63.1 et seq.)	<u>2,157</u>
	<u>\$ 42,887,838</u>
Tax Levy	
Regional High School Tax (Abstract)	\$ 7,615,743
Local District School Tax (Abstract)	12,819,666
Municipal Open Space	94,283
Municipal Open Space - Added Taxes	5
County Tax (Abstract)	\$ 10,625,121
County Tax for Added Taxes (R.S. 54.4-63 et seq.)	543
County Open Space Tax	<u>162,373</u>
	10,788,037
Local Tax for Municipal Purposes (Abstract)	10,971,370
Minimum Library Tax	591,432
Add Additional Tax Levy	<u>7,302</u>
	<u>11,570,104</u>
	<u>\$ 42,887,838</u>

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

Balance, December 31, 2012		\$ 40,035
Increased By:		
Transferred from Taxes Receivable	\$ 31,130	
Interest and Costs on Taxes	<u>1,802</u>	
		<u>32,932</u>
Balance, December 31, 2013		<u>\$ 72,967</u>

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

Balance, December 31, 2012		<u>\$ 825,100</u>
Balance, December 31, 2013		<u>\$ 825,100</u>

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

	Balance, December 31, <u>2012</u>	Accrued in <u>2013</u>	<u>Collected in 2013</u>		Balance, December 31, <u>2013</u>
			<u>Treasurer</u>	<u>Collector</u>	
Township Clerk					
Alcoholic Beverage					
Licenses		\$ 31,130	\$ 31,130		
Licenses - Other		51,901	51,901		
Fees and Permits - Other		11,026	11,026		
Construction Code Official					
Fees and Permits		133,834	133,834		
Police					
Fees and Permits		6,358	6,358		
Fire Prevention					
Fees and Permits		52,664	52,664		
Department of Public Works					
Fees and Permits					
Road Opening		950	950		
Sewer Connection		6,500	6,500		
Municipal Court					
Fines and Costs	\$ 11,235	352,109	342,384		\$ 20,960
Interest and Costs on Taxes		95,397		\$ 95,397	
Interest on Investments and Deposits		6,673	6,673		
Recreation Fees		70,162	70,162		
Energy Receipts Tax		1,225,311	1,225,311		
Consolidated Municipal Property Tax					
Relief Act		56,752	56,752		
Uniform Fire Safety Act		22,313	22,313		
Montclair University Sewer Fees		176,300	176,300		
Floyd Hall Pilot Payments	14,556	45,000	59,556		
FEMA		42,924	42,924		
Montclair University Fire Alarm Fees		52,960	52,960		
IRS Contribution - Debt Service		41,558	41,558		
Payments in Lieu of Taxes - Montclair State		235,395	235,395		
Cable TV Franchise Fee		159,819	159,819		
Sewer Service Fees	-	71,081	71,081	-	-
	<u>\$ 25,791</u>	<u>\$ 2,948,117</u>	<u>\$ 2,857,551</u>	<u>\$ 95,397</u>	<u>\$ 20,960</u>
			\$ 2,843,776		
			13,775		
			<u>\$ 2,857,551</u>		

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

<u>Date</u>	<u>Purpose</u>	Net Amount <u>Authorized</u>	1/5 of Net Amount <u>Authorized</u>	Balance, December 31, <u>2012</u>	Reduced by 2013 <u>Budget</u>	Balance, December 31, <u>2013</u>
11/22/2012	Reassessment of Master Plan	17,000	3,400	\$ 17,000	\$ 3,400	\$ 13,600
12/3/2012	Hurricane Sandy	175,000	35,000	<u>175,000</u>	<u>42,924</u>	<u>132,076</u>
				<u>\$ 192,000</u>	<u>\$ 46,324</u>	<u>\$ 145,676</u>

EXHIBIT A-14

STATEMENT OF PREPAID LICENSES

Balance, December 31, 2012	<u>\$ 13,775</u>
Decreased by:	
Applied to 2013 Revenue	<u>\$ 13,775</u>

EXHIBIT A-15

STATEMENT OF PREPAID TAXES

Balance, December 31, 2012	\$ 104,364
Increased by:	
Collection of 2014 Taxes	<u>443,699</u>
	548,063
Decreased by:	
Applied to 2013 Taxes Receivable	<u>104,364</u>
Balance, December 31, 2013	<u>\$ 443,699</u>

EXHIBIT A-16

STATEMENT OF FEES PAYABLE

Balance, December 31, 2012	\$ 275
Increased by:	
Cash Receipts	<u>1,650</u>
	1,925
Decreased by:	
Cash Disbursements	<u>500</u>
Balance, December 31, 2013	<u>\$ 1,425</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance, December 31, <u>2012</u>	Modified <u>Balance</u>	<u>Expended</u>	Balance <u>Lapsed</u>	Over- <u>Expenditures</u>
Salaries and Wages					
Mayor and Council	\$ 8	\$ 8		\$ 8	
General Administration	219	219		219	
Clerk	312	312		312	
Financial Administration	182	182		182	
Assessment of Taxes	14	14		14	
Revenue Administration	414	414		414	
Engineering Services and Costs	4	4		4	
Planning Board	175	175		175	
Police	35,861	35,861	\$ 35,858	3	
Fire Department	438	524		524	
Municipal Prosecutor	84	84		84	
Streets and Roads Maintenance	14,950	13,135	12,570	565	
Other Public Works Function - Shade Tree	47	47		47	
Solid Waste Collection	239	239		239	
Buildings and Grounds	121	121		121	
Vehicle Maintenance	280	195		195	
Administration of Public Assistance	2	2		2	
Recreation Services and Programs	98	98		98	
Senior Citizens Activities	57	57		57	
Construction Code Official	434	434		434	
Plumbing Inspector	4	4		4	
Electrical Inspection	15	15		15	
Municipal Court	294	294		294	
Other Expenses					
General Administration	630	235	105	130	
Municipal Clerk	8,541	5,284	3,842	1,442	
Financial Administration	381	5,307	4,048	1,259	
Audit Service		42,000	42,000	-	
Tax Assessment Administration	12,962	13,177	15	13,162	
Revenue Administration	902	1,161	759	402	
Legal Services and Costs	3,638	75,116	80,254		\$ 5,138
Engineering Services and Costs	3,115	6,464	1,851	4,613	
Planning Board	8,301	3,441	1,696	1,745	
Employee Group Health	15,990	97,017	92,725	4,292	
Police Department					
Other Expenses		20,641	13,143	7,498	
Acquisition of Police Cars	381	381		381	
Fire Official	6,203	43,041	42,125	916	
Fire Hydrant Services	64	13,798	13,734	64	
Office of Emergency Management	645	722	76	646	
Fire Prevention	2	40	38	2	
Municipal Prosecutor	241	241		241	
Streets and Roads Maintenance	1,021	52,993	34,894	18,099	
Other Public Works Function - Shade Tree	2,615	5,420	2,805	2,615	
Solid Waste Collection	33,117	85,737	32,626	53,111	
Buildings and Grounds	170	4,469	3,940	529	
Vehicle Maintenance	20,034	56,914	50,695	6,219	
Community Services Act	15,000	15,000	14,584	416	

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance, December 31, <u>2012</u>	Modified Balance	<u>Expended</u>	Balance <u>Lapsed</u>	Over- <u>Expenditures</u>
Other Expenses (Continued)					
Board of Health	\$ 1,615	\$ 365	\$ 250	\$ 115	
Flood Board	150	150		150	
Administration of Public Assistance	300	300		300	
Recreation Services and Programs	11,817	8,539	1,852	6,687	
Senior Citizens Activities	697	1,968	1,271	697	
Construction Code Official		257	257		
PEOSHA Mandates Costs - Physical Exams	2,810	2,810		2,810	
Street Lighting	1,456	9,806	9,777	29	
Telephone	712	8,859	8,147	712	
Water		1,092	1,087	5	
Gas (Natural or Propane)	12,225	29,725	27,928	1,797	
Fuel Oil(Diesel)	12,314	4,273	4,159	114	
Gasoline	8,734	4,635	4,501	134	
Landfill / Solid Waste Disposal Cost	55,364	66,687	57,923	8,764	
Municipal Court	34	3,006	1,674	1,332	
Public Defender	1,800	1,800	1,800		
Social Security System	1,892	392	391	1	
Public Employees Retirement System	1	1		1	
Defined Contribution Retirement Program	250	250		250	
LOSAP		105,000	84,375	20,625	
Passaic Valley Sewer Commission	1	1		1	
Third River Joint Meeting	52	52		52	
Township of Montclair	23,500	23,500	23,500		
City of Clifton	7,500	7,500		7,500	
Recycling Tax	2,090	3,529	2,645	884	
Drunk Driving Enforcement Fund	10,601	10,697	10,697		
Municipal Alliance - State Share	84	6,102	41	6,061	
U.S. Tennis Association Grant	475	475	475		
Louis St. Park Restoration Grant	1,267	1,267	1,267		
Clean Communities Program	13,935	16,360	16,360		
Drive Sober/Get Pulled Over Crackdown Grant	4,400	4,400	4,400		
Special Emerg. - Reassessment of Master Plan	16,700	16,700	8,900	7,800	
Emergency - Appropriation Sandy		131,929	131,929		
Safe Corridors	23,847	48,560	48,560	-	-
	<u>\$ 404,828</u>	<u>\$ 1,122,024</u>	<u>\$ 938,549</u>	<u>\$ 188,613</u>	<u>\$ 5,138</u>
Appropriation Reserves		\$ 404,828			
Encumbrances Payable		594,863			
Reserve for Hurricane Sandy		<u>122,333</u>			
		<u>\$ 1,122,024</u>			
Cash Disbursements			\$ 818,164		
Transfer to Appropriated Reserves			32,704		
Transfer to Reserve for Hurricane Sandy			64,181		
Transfer to Reserve for Encumbrances			<u>23,500</u>		
			<u>\$ 938,549</u>		

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

	Balance, December 31, <u>2012</u>	Cash <u>Receipts</u>	Utilized in <u>2013 Budget</u>	Balance, December 31, <u>2013</u>
Watershed Moratorium Aid	\$ 1,457	\$ 1,457	\$ 1,457	\$ 1,457
Reserve for Fema		52,926		52,926
Reserve for Garden State Trust Fund	<u>4,509</u>	<u>-</u>	<u>4,509</u>	<u>-</u>
	<u>\$ 5,966</u>	<u>\$ 54,383</u>	<u>\$ 5,966</u>	<u>\$ 54,383</u>

EXHIBIT A-19

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2012	<u>\$ 18,599</u>
Decreased by:	
Cash Disbursements	<u>\$ 18,599</u>

EXHIBIT A-20

STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2012	\$ 609,638
Increased by:	
Charges to 2012 Appropriation Reserves	\$ 23,500
Charges to 2013 Budget Appropriations	<u>540,563</u>
	<u>564,063</u>
	1,173,701
Decreased by:	
Transfer to 2012 Appropriation Reserves	594,863
Cancelled Prior Year Encumbrances	<u>14,775</u>
	<u>609,638</u>
Balance, December 31, 2013	<u>\$ 564,063</u>

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

	Balance, December 31, <u>2012</u>	<u>Accrued</u>	<u>Decreased</u>	Balance, December 31, <u>2013</u>
Clean Communities Grant		\$ 19,209	\$ 19,209	
New Jersey State Police - OEM	\$ 1,500			\$ 1,500
Municipal Alliance on Alcoholism and Drug Abuse				
2013		24,489	4,088	20,401
2012	20,727		20,727	
2011	4,276		4,276	
Alcohol Education and Rehabilitation Fund		2,744	2,744	
Edward Byrne Memorial Justice Assistance Grant (JAG) - 2009 ARRA	1,798			1,798
Communicable Diseases Services - Hep. B Funds		2,820	2,820	
Passaic County CDBG	6,726			6,726
Passaic County Open Space Trust Fund - Freeholder's Fund	24,500			24,500
Safe Corridors	48,560		48,560	
New Jersey Division of Highway Safety - Over the Limit Grant	4,225			4,225
Drive Sober/Get Pulled Over	4,400	-	4,400	-
	<u>\$ 116,712</u>	<u>\$ 49,262</u>	<u>\$ 106,824</u>	<u>\$ 59,150</u>
Cash Receipts			<u>\$ 106,824</u>	

EXHIBIT A-22

STATEMENT OF TAX OVERPAYMENTS

Increased by:	
Cash Receipts	<u>\$ 57,569</u>
Decreased by:	
Cash Disbursements	<u>\$ 57,569</u>

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

Increased by:			
Levy - Calendar Year 2013		\$	<u>12,819,666</u>
Decreased by:			
Cash Disbursements	\$	12,803,747	
Prepaid School Taxes Applied		<u>15,919</u>	
		\$	<u>12,819,666</u>

EXHIBIT A-24

STATEMENT OF REGIONAL HIGH SCHOOL TAXES PAYABLE

Balance, December 31, 2012			
School Tax Payable	\$	5,275	
School Tax Deferred		<u>3,632,905</u>	
		\$	3,638,180
Increased by:			
Levy - School Year July 1, 2013 to June 30, 2014			<u>7,615,743</u>
			11,253,923
Decreased by:			
Cash Disbursements			<u>7,446,051</u>
Balance, December 31, 2013			
School Tax Payable		-	
School Tax Deferred		<u>3,807,872</u>	
		\$	<u>3,807,872</u>
2013 Liability for Regional High School Tax			
Tax Liability		\$	7,615,743
Add December 31, 2012 Balance Deferred			<u>3,632,905</u>
			11,248,648
Less December 31, 2013 Balance Deferred			<u>3,807,872</u>
		\$	<u>7,440,776</u>
Amount Charged to 2013 Operations			

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

Balance, December 31, 2012		\$	25,420
Increased by:			
2013 Tax Levy	\$		10,625,121
Due County for Added and Omitted Taxes			543
County Open Space Tax			<u>162,373</u>
			<u>10,788,037</u>
			10,813,457
Decreased by:			
Cash Disbursements			<u>10,787,494</u>
Balance, December 31, 2013		\$	<u>25,963</u>

EXHIBIT A-26

STATEMENT OF RESERVE FOR GRANTS AND AID - UNAPPROPRIATED

Balance, December 31, 2012		\$	31,458
Increased by:			
Received in 2013			<u>19,663</u>
			51,121
Decreased by:			
Utilized in 2013 Budget			<u>31,458</u>
Balance, December 31, 2013		\$	<u>19,663</u>

Analysis of Balance

Body Armor Grant		\$	3,126
Recycling Tonnage Grant			<u>16,537</u>
		\$	<u>19,663</u>

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

Balance, December 31, 2012	\$	149,739
Increased by:		
Transfer from 2012 Appropriation Reserves		32,704
		182,443
Decreased by:		
Cash Disbursements		3,481
Balance, December 31, 2013	\$	178,962

Analysis of Balance

Municipal Alliance - Grant	\$	8,471
Municipal Alliance - Match		9,221
Drunk Driving Enforcement Fund		20,089
Clean Communities		14,135
NJ Division of Highway Safety		9,400
Drive Sober or Get Pulled Over		4,400
Safe Corridors		6,890
Tennis Grant		175
Louis Street Park Improvements		1,267
Peckman River Grant		15,095
Municipal Stormwater Regulation Program		13,463
NJ State Police - OEM		5,000
NJ State Police - OEM		1,500
Alcohol Education and Rehabilitation		1,724
Recycling Tonnage Grant		49,347
Passaic County CDBG		6,726
Passaic County Open Space Trust Fund - Freeholder's Fund		3,069
Bulletproof Vest		1,301
Legislative Grants:		
Main St./Route 23 Curbs and Sidewalks		7,689
	\$	178,962

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE**

Balance December 31, 2012	\$ 175,000
Decreased by:	
Cash Disbursements	<u>35,000</u>
Balance December 31, 2013	<u>\$ 140,000</u>

STATEMENT OF TAX ANTICIPATION NOTES PAYABLE

Balance December 31, 2012	<u>\$ 2,000,000</u>
Decreased by:	
Cash Disbursements	<u>\$ 2,000,000</u>

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2012	\$ 270,000
Decreased by:	
Cash Disbursements	<u>179,454</u>
Balance, December 31, 2013	<u>\$ 90,546</u>

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

Increased by:		
2013 Tax Levy	\$ 94,283	
Due Open Space for Added and Omitted Taxes	<u>5</u>	
		\$ <u>94,288</u>
		94,288
Decreased by:		
Cash Disbursements	94,283	
Due to Open Space Trust Fund	<u>5</u>	
		<u>94,288</u>
Balance, December 31, 2013		\$ <u>-</u>

EXHIBIT A-32

STATEMENT OF PREPAID SCHOOL TAXES

Balance, December 31, 2012		\$ 15,919
Increased by:		
Cash Disbursements		<u>39,402</u>
		55,321
Decreased by:		
Applied in 2013		<u>15,919</u>
Balance, December 31, 2013		\$ <u>39,402</u>

EXHIBIT A-33

STATEMENT OF RESERVE FOR HURRICANE SANDY EXPENSES

Balance, December 31, 2012		\$ 122,333
Increased by:		
Transferred from Appropriation Reserves		<u>64,181</u>
		186,514
Decreased by:		
Transferred to Appropriation Reserves		<u>122,333</u>
Balance, December 31, 2013		\$ <u>64,181</u>

EXHIBIT A-34

STATEMENT OF DEFERRED CHARGES

	Added in <u>2013</u>	Balance, December 31, <u>2013</u>
Overexpenditure of Appropriations	\$ 17,253	\$ 17,253
Overexpenditure of Appropriation Reserves	<u>5,138</u>	<u>5,138</u>
	<u>\$ 22,391</u>	<u>\$ 22,391</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, December 31, 2012	\$ 10,492	\$ 405,142	\$ 2,232	\$ 11,186	\$ 94,284
Increased by Receipts:					
Budget Appropriations			\$ 15,000		
Employee Payroll Deductions			5,514		
Due to Outside Lienholders		\$ 553,560			
Interest on Deposits	\$ 25	1,061		16	\$ 247
Due from Current Fund		2,122	15,000		
Escrow Deposits		45,318			
Building Surcharge Fees		9,050			
Miscellaneous Reserves		429,598			
Dog License Fees	3,118				
Other (Cat Licenses)	488				
Due to State of New Jersey	744				
Inspections Fees		6,409			
2013 Tax Levy					94,283
Payroll Deposits		5,550,380			
Payroll Deductions Payable	-	2,131,813	-	-	-
	<u>4,375</u>	<u>8,729,311</u>	<u>35,514</u>	<u>16</u>	<u>94,530</u>
	14,867	9,134,453	37,746	11,202	188,814
Decreased by Disbursements:					
Escrow Deposits		37,466			
Miscellaneous Reserves		395,294			
Building Surcharge Fees		7,058			
Due to Outside Lienholders		553,560			
Due to State of New Jersey	995		31,608		
Animal Control Expenditures					
Inspection Fees		15,417			
Affordable Housing Expenditures				6,188	
Open Space Expenditures					20,000
Payroll Deductions Payroll		2,131,206			
Payroll Deposits	-	5,552,624	-	-	-
	<u>995</u>	<u>8,692,625</u>	<u>31,608</u>	<u>6,188</u>	<u>20,000</u>
Balance, December 31, 2013	<u>\$ 13,872</u>	<u>\$ 441,828</u>	<u>\$ 6,138</u>	<u>\$ 5,014</u>	<u>\$ 168,814</u>

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

Balance, December 31, 2012		\$ 4,120
Increased by:		
Interest on Deposits	\$ 25	
Statutory Excess	<u>2,699</u>	
		<u>2,724</u>
Balance, December 31, 2013		<u>\$ 6,844</u>

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

Balance, December 31, 2012		\$ 6,121
Increased by:		
Dog License Fees	\$ 3,108	
Other (Cat Licenses)	<u>498</u>	
		<u>3,606</u>
		9,727
Decreased by:		
Statutory Excess		<u>2,699</u>
Balance, December 31, 2013		<u>\$ 7,028</u>

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

Balance, December 31, 2012		\$ 251
Increased by:		
Cash Receipts		<u>744</u>
		995
Decreased by:		
Cash Disbursements		<u>995</u>
Balance, December 31, 2013		<u>\$ -</u>

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

Balance, December 31, 2012		\$ 2,817
Increased by:		
Inspection Fees Deposited in Current Fund		<u>11,228</u>
		14,045
Decreased by:		
Cash Receipts	\$ 2,122	
Interest on Deposits	<u>1,061</u>	
		<u>3,183</u>
Balance, December 31, 2013		<u>\$ 10,862</u>

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

Balance, December 31, 2012		\$ 74
Increased by:		
Due From Current Fund	\$ 11,228	
Cash Receipts	<u>6,409</u>	
		<u>17,637</u>
		17,711
Decreased by:		
Cash Disbursements		<u>15,417</u>
Balance, December 31, 2013		<u>\$ 2,294</u>

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

Balance, December 31, 2012		\$ 70,465
Increased by:		
Cash Receipts		<u>45,318</u>
		115,783
Decreased by:		
Cash Disbursements		<u>37,466</u>
Balance, December 31, 2013		<u>\$ 78,317</u>

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

<u>Account</u>	Balance, December 31, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2013</u>
Tax Sale Premium	\$ 97,900	\$ 296,000	\$ 223,900	\$ 170,000
Street Permit Bonds	9,670			9,670
Uniform Fire Code Enforcement	4,121	500		4,621
Recycling Program	139,539	75,786	92,648	122,677
Other	5,855		5,855	-
Public Defender Fees	4,225	2,012		6,237
Traffic Signal	38,138		25,000	13,138
Civic Activities - Donations	11,993			11,993
Municipal Alliance - Contributions	1,846			1,846
Defibulator Fund - Donations	228			228
Off Duty Police - Outside Employment	8,621	55,156	47,566	16,211
Parking Offenses Adjudication Act	6,824	144	325	6,643
	<u>\$ 328,960</u>	<u>\$ 429,598</u>	<u>\$ 395,294</u>	<u>\$ 363,264</u>

EXHIBIT B-11

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

Balance, December 31, 2012	\$ 6,731
Increased by:	
Cash Receipts	<u>9,050</u>
	15,781
Decreased by:	
Cash Disbursements	<u>7,058</u>
Balance, December 31, 2013	<u>\$ 8,723</u>

EXHIBIT B-12

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

Increased by:	
Cash Receipts	<u>\$ 553,560</u>
Decreased by:	
Cash Disbursements	<u>\$ 553,560</u>

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

Balance, December 31, 2012	\$ 196
Increased by:	
Cash Receipts	<u>2,131,813</u>
	2,132,009
Decreased by:	
Cash Disbursements	<u>2,131,206</u>
Balance, December 31, 2013	<u>\$ 803</u>

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

Balance, December 31, 2012	\$ 1,533
Increased by:	
Cash Receipts	<u>5,550,380</u>
	5,551,913
Decreased by:	
Cash Disbursements	<u>5,552,624</u>
Balance, December 31, 2013	<u>\$ (711)</u>

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

Balance, December 31, 2012	\$ 851
Increased by:	
Employee Payroll Deductions	\$ 5,514
Budget Appropriations - 2013 Budget	<u>15,000</u>
	<u>20,514</u>
	21,365
Decreased by:	
Due to State of New Jersey	<u>39,323</u>
Balance (Deficit), December 31, 2013	<u>\$ (17,958)</u>

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

Balance, December 31, 2012	\$ 1,381
Increased by:	
Claims	<u>39,323</u>
	40,704
Decreased By:	
Cash Disbursements	<u>31,608</u>
Balance, December 31, 2013	<u>\$ 9,096</u>

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

Increased by:	
Cash Receipts	<u>\$ 15,000</u>
Balance, December 31, 2013	<u>\$ 15,000</u>

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

Balance, December 31, 2012	\$ 11,186
Increased by:	
Cash Receipts	<u>16</u>
	11,202
Decreased By:	
Cash Disbursements	<u>6,188</u>
Balance, December 31, 2013	<u>\$ 5,014</u>

**TOWNSHIP OF LITTLE FALLS
STATEMENT OF DUE FROM/(TO) CURRENT FUND
OPEN SPACE TRUST FUND**

Balance, December 31, 2012 (Due From)	\$	32
Increased by:		
2013 Added Tax Levy Not Transferred from Current Fund		5
		37
Decreased by:		
Disbursements Paid by Current Fund		8,487
Balance, December 31, 2013 (Due To)	\$	(8,450)

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

Balance, December 31, 2012	\$	94,316
Increased by:		
2013 Tax Levy	\$	94,283
Interest on Deposits		247
2013 Added Tax Levy		5
		94,535
Decreased By:		
Cash Disbursements		20,000
Due to Current Fund		8,487
		28,487
Balance, December 31, 2013	\$	160,364

GENERAL CAPITAL FUND

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

Balance, December 31, 2012		\$ 4,732,269
Increased by Receipts:		
Interest on Deposits	\$ 4,945	
Premium on Sale of Notes	35,120	
State Aid and Contributions	100,127	
Accounts Receivable - Residential Share	9,600	
Reserve for Traffic Signals	25,000	
Receipts from Current Fund	150,329	
Bond Anticipation Notes	4,774,000	
Budget Appropriation - Capital Improvement Fund	<u>55,000</u>	
		<u>5,154,121</u>
		9,886,390
Decreased by Disbursements:		
Improvement Authorizations	9,400,358	
Bond Anticipation Notes	<u>598,000</u>	
		<u>9,998,358</u>
Balance (Overdraft), December 31, 2013		<u>\$ (111,968)</u>

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

Balance,
December 31,
2013

Contracts Payable	\$ 3,054,038
Due from Current Fund	(371,956)
Grants Receivable	(6,539,697)
Accounts Receivable - Residential Costs	(617,430)
Overexpenditure of Ordinance Appropriation	(2,378,870)
Capital Improvement Fund	80,968
Reserve for Library Roof/Due to Library	6,165
Reserve for I&I	200,391
Fund Balance	35,120
Excess Note Proceeds - Ord. 1139	75,000
Excess Note Proceeds - Ord. 1174	117,045
Excess Note Proceeds - Ord. 1099	4,000

Improvement Authorizations:

Ordinance
Number

Improvement Description

732/777	Improvements to Municipal Building	(115)
721/802	Improvements to Various Roads	(773)
856	Morris Canal Pedestrian Way & Preserve	49,029
904/935/947	Construction New Municipal Building	103,199
905	Sanitary Sewer Upgrade	28,530
908	Acquisition of New Town Wide Radio Sys.	(446)
956	Funding of the Regional Contribution for Affordable Housing	119,878
957	Acquisition of Aerial Ladder Fire Truck	1,110
993	Acquisition of Generator & Firearms	8,079
1020/1086/1149/1155	Construction of a New Justice Complex	158,290
1043	Acquisition of Fire Pumper	8,556
1047	2008 Road Improvement Program	1,919
1048	Storm Sewer Improvements	57,961
1069	2009 Road Improvement Program	5,460
1070	Sanitary Sewer Improvements	(84,290)
1071	Storm Sewer Improvements	(87,946)
1072	Various Capital Improvements	17,177
1092	Improvement Fairfield Pump Station	(27,210)
1093	I & I Improvements Sanitary	55,888
1098	Various Road Improvements	55,005
1099	2010 Road Program	27,417
1100	Sanitary Sewer Improvements	(142,500)
1101	Acquisition of Trucks with Plows	2,558
1102	Storm Drain System Improvements	385,643
1105	Improvements to Duva Field	527
1110	Morris Canal Bikeway 3	(45,581)
1119	Acquisition of Thermal Imaging of Cameras	622
1121	Elevation of Homes	8,297
1126/1160	Paving of Stanley Street	(75,901)
1128	Acquisition of Various Equipment	13,508
1129	Acquisition of Various Public Safety Equipment	(241,560)
1130	Various Capital Improvements	(127,604)
1133	Installation of New Roof on the Public Library	265
1147	Flood Mitigation Acquisition or Reconstruction	5,163,304
1149	Construction of a New Justice Complex	(95,000)
1150	Refunding Ordinance-Hurricane Irene	22
1151	FEMA Flood Mitigation Project	1,622,546
1163	Reassessment of Real Property	(251,487)
1166	Refunding of Tax Appeals	53,602
1171	New Pump Station at Louis Street	80,847
1174	Improvements to Ridge Avenue	89,072
1175	Various Park Improvements	28,026
1180	Refunding of Tax Appeals	33,109
1183	Various Capital Improvements	(783,225)
1185	Improvements to Inwood Park	<u>7,450</u>
		<u>\$ (111,968)</u>

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

Balance, December 31, 2012		\$ 4,226
Increased by:		
Budget Appropriation - Deferred Charges Unfunded	\$ 220,000	
Grants Received in Current Fund	178,143	
Deferred Charges to Future Taxation - Unfunded		
Grants Received in Current Fund	<u>489,603</u>	
		<u>887,746</u>
		891,972
Decreased by:		
Reserve for Fema Anticipated as Revenue in Current Fund	197,303	
Improvement Authorization Bills Paid by Current Fund	165,830	
Interest on Deposits	4,945	
Capital Fund Balance Anticipated as Revenue in Current Fund	1,609	
Cash Receipts from Current Fund	<u>150,329</u>	
		<u>520,016</u>
Balance, December 31, 2013		<u>\$ 371,956</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2012		\$ 12,906,000
Decreased by:		
Bonds Paid By Budget Appropriations		<u>1,274,000</u>
Balance, December 31, 2013		<u>\$ 11,632,000</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2012	2013 Authorizations	Notes Paid by Budget	Reserve for FEMA Applied	Raised in 2013 Budget	Contributions/ State Aid	Balance, December 31, 2013	Bond Anticipation Note	Excess Note Proceeds	Unexpended Improvement Expenditures	Unexpended Improvement Authorizations
732/777	Improvements to Municipal Building	\$ 115						\$ 115			\$ 115	
721/802	Improvements to Various Roads	773						773			773	
856	Morris Canal Pedestrian Way & Preserve	971						971				\$ 971
908	Acquisition of New Town Wide Radio Sys.	446						446			446	
991/1080	New Pump Station at Lewis Street	450,000						\$ 450,000				
1020	Construction of a New Justice Complex	301,000						301,000				
1043	Acquisition of Fire Pumper	617,500						617,500				
1046	Sanitary Sewer Improvements	237,500						237,500				
1048	Storm Sewer Improvements	584,250						584,250				
1069	2009 Road Improvement Program	237,500						237,500				
1070	Sanitary Sewer Improvements	95,000						95,000			84,290	10,710
1071	Storm Sewer Improvements	403,750						403,750			87,946	315,804
1072	Various Capital Improvements	142,500						142,500	142,500			
1092	Improvement Fairfield Pump Station	1,300,000						1,300,000			27,210	1,272,790
1095	Flood Mitigation	3,600,000						3,600,000	3,600,000			
1098	Various Road Improvements	505,899					\$ 114,389	391,510	309,166			82,344
1099	2010 Road Program	231,834					4,000	227,834	231,834	\$ (4,000)		
1100	Sanitary Sewer Improvements	142,500						142,500			142,500	
1101	Acquisition of Trucks with Plows	80,750						80,750	80,750			
1102	Storm Drain System Improvements	380,000						380,000	380,000			
1110	Morris Canal Bikeway 3	180,930					84,557	96,373			45,581	50,792
1126	Paving of Stanley Street	94,500					32,500	62,000			62,000	
1129	Acquisition of Various Public Safety Equipment	275,500						275,500			241,560	33,940
1130	Various Capital Improvements	486,400						486,400			127,604	358,796
1139	Reconstruction of Tennis Courts at Duva Park	114,000					75,000	39,000	114,000	(75,000)		
1147	Flood Mitigation Acquisition or Reconstruction	2,500,000						2,500,000	2,500,000			
1149	Construction of a New Justice Complex	95,000						95,000			95,000	
1150	Refunding Ordinance-Hurricane Irene	675,000			\$ 373,976	\$ 220,000		81,024	81,000			24
1151	FEMA Flood Mitigation Project	593,000						593,000				593,000
1155	Construction of a New Justice Complex	427,500						427,500	427,500			
1160	Paving of Stanley Street	38,000						38,000			13,901	24,099
1163	Reassessment of Real Property	261,250						261,250			251,487	9,763
1166	Refunding of Tax Appeals	790,000		\$ 260,000				530,000	530,000			
1171	Supplemental - New Pump Station at Louis Street		\$ 156,750					156,750	156,750			
1174	Improvements to Ridge Avenue		284,500				117,045	167,455	284,500	(117,045)		
1175	Various Park Improvements		240,350					240,350	238,250			2,100
1180	Refunding of Tax Appeals		900,000					900,000	900,000			
1183	Various Capital Improvements		2,438,085				162,239	2,275,846			783,225	1,492,621
1185	Improvements to Inwood Park		141,550					141,550				141,550
		<u>\$ 15,843,368</u>	<u>\$ 4,161,235</u>	<u>\$ 260,000</u>	<u>\$ 373,976</u>	<u>\$ 220,000</u>	<u>\$ 589,730</u>	<u>\$ 18,560,897</u>	<u>\$ 12,404,000</u>	<u>\$ (196,045)</u>	<u>\$ 1,963,638</u>	<u>\$ 4,389,304</u>

Cash Receipts	\$ 100,127	Improvement Authorizations- Unfunded	\$ 7,989,605
Due from Current Fund	<u>489,603</u>	Less: Unexpended proceeds of BAN's	
	<u>\$ 589,730</u>	Ord. 904/935/947	\$ 103,199
		Ord. 1171	80,847
		Ord. 1020/1086/1149/1155	158,290
		Ord. 1043	8,556
		Ord. 1048	57,961
		Ord. 1069	5,460
		Ord. 1072	17,177
		Ord. 1098	55,005
		Ord. 1099	27,417
		Ord. 1101	2,558
		Ord. 1102	380,000
		Ord. 1147	2,500,000
		Ord. 1150	22
		Ord. 1166	53,602
		Ord. 1174	89,072
		Ord. 1175	28,026
		Ord. 1180	33,109
			<u>3,600,301</u>
			<u>\$ 4,389,304</u>

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

Balance, December 31, 2012	\$ 176,233
Increased by:	
2013 Budget Appropriation	<u>55,000</u>
	231,233
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>150,265</u>
Balance, December 31, 2013	<u>\$ 80,968</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2012	\$ 1,376,430
Increased by:	
Contracts Awarded	<u>3,054,038</u>
	4,430,468
Decreased by:	
Restored to Improvement Authorizations	<u>1,376,430</u>
Balance, December 31, 2013	<u>\$ 3,054,038</u>

TOWNSHIP OF LITTLE FALLS
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2012		2013 Authorizations		Current Year Contracts Payable	Transferred Reserve for Traffic Signals	Prior Year Contracts Payable Restored	Balance, December 31, 2013		Overexpenditure
				Funded	Unfunded	Capital Impvt. Fund	Deferred Charges to Future Taxation Unfunded				Funded	Unfunded	
828	Various Capital Improvements							\$ 1,374		\$ 1,374			
844	Morris Canal Phase II							859		859			
856	Morris Canal Pedestrian Way & Preserve	6/4/01	\$ 190,000	\$ 49,029	\$ 971						\$ 49,029	\$ 971	
904/935/947	Construction New Municipal Building	3/10/03	100,000										
		3/1/04,											
		9/13/04	100,000					4,398		107,597		103,199	
905	Sanitary Sewer Upgrade	4/7/03	1,000,000	28,530				88		88	28,530		
934	Reconstruction of Weaver							365		365			
956	Funding of the Regional Contribution for Affordable Housing	2/14/05	125,000	122,173			\$ 2,295				119,878		
957	Purchase of Aerial Ladder Fire Truck	3/14/05	850,000	1,110							1,110		
991/1171	New Pump Station at Louis Street	10/26/09	750,000										
		3/11/2013	165,000			\$ 8,250	\$ 156,750	165,553	4,282	85,682		80,847	
993	Acquisition of Generator & Firearms	8/14/2006	53,000	8,047						29	61	8,079	
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		145,944			275,469	8,163	295,978		158,290	
1043	Acquisition of Fire Pumper	5/19/08	650,000		9,492			936	32,759	32,759		8,556	
1046	Sanitary Sewer Improvements	5/19/08	250,000						34,400	34,400			
1047	2008 Road Improvement Program	5/19/08	250,000	17,498				9,409	6,170		1,919		
1048	Storm Sewer Improvements	5/19/08	615,000		142,156			85,317	1,760	2,882		57,961	
1069	2009 Road Improvement Program	7/13/09	250,000		5,460							5,460	
1070	Sanitary Sewer Improvements	7/13/09	100,000		10,710							10,710	
1071	Storm Sewer Improvements	8/10/09	425,000		358,252			42,448	10,457	10,457		315,804	
1072	Various Capital Improvements	7/13/09	150,000		17,863			686				17,177	
1092	Improvement Fairfield Pump Station	6/14/10	1,300,000		1,272,790							1,272,790	
1093	I & I Improvements Sanitary	5/24/10	80,000	55,888							55,888		
1095	Flood Mitigation	6/14/10	3,600,000		3,118,116			4,164,277	1,431,378	98,669		-	\$ 2,378,870
1098	Various Road Improvements	7/12/10	807,000		137,349				6,242	6,242		137,349	
1099	2010 Road Program	7/12/10	250,000		44,519			151,941	510	\$ 25,000	110,349	27,417	
1100	Sanitary Sewer Improvements	7/12/10	150,000		50,876			48,240	2,636			-	
1101	Acquisition of Trucks with Plows	7/12/10	85,000		3,244			686				2,558	
1102	Storm Drain System Improvements	7/12/10	400,000	13,093	380,000			7,450			5,643	380,000	
1105	Improvements to Duva Field		14,000	527							527		
1110	Morris Canal Bikeway 3	11/8/10	450,000		54,683			45,836	35,254	77,199		50,792	
1119	Acquisition of Thermal Imaging of Cameras	4/18/2011	19,500	622							622		
1121	Elevation of Homes	5/9/2011	364,770	302,544				294,247	21,886	21,886	8,297		
1126/1160	Paving of Stanley Street	6/13/2011	192,000										
		8/6/12	40,000		4,691			70,328			89,736	24,099	
1128	Acquisition of Various Equipment	8/8/2011	76,000	13,508					9,470	9,470	13,508		
1129	Acquisition of Various Public Safety Equipment	8/8/2011	326,000		40,440			154,689	17,791	165,980		33,940	
1130	Various Capital Improvements	8/8/2011	538,000		404,505			49,989		4,280		358,796	
1133	Installation of New Roof on the Public Library	9/12/2011	142,920					(6,565)	8,768	2,468	265		
1147	Flood Mitigation Acquisition or Reconstruction	2/27/2012	6,270,300	3,732,477	2,500,000			852,395	216,778		2,663,304	2,500,000	
1150	Refunding Ordinance-Hurricane Irene	3/19/2012	675,000		102			56				46	
1151	FEMA Flood Mitigation Project	3/19/2012	3,924,800	3,321,198	593,000			1,698,671	585	604	1,622,546	593,000	

TOWNSHIP OF LITTLE FALLS
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	2013 Authorizations						Transferred Reserve for Traffic Signals	Prior Year Contracts Payable Restored	Balance,		Overexpenditure
				December 31, 2012		Capital Impvt. Fund	Deferred Charges to Future Taxation Unfunded	Expended	Current Year Contracts Payable			December 31, 2013		
				Funded	Unfunded							Funded	Unfunded	
1163	Reassessment of Real Property	10/1/2012	\$ 275,000	\$ 57,884			\$ 251,822	\$ 13,344		\$ 217,045	\$ 9,763			
1166	Refunding of Tax Appeals	11/26/2012	790,000	85,335			30,085	1,648			53,602			
1174	Improvements to Ridge Avenue	5/6/2013	284,500			\$ 284,500	172,380	23,048			89,072			
1175	Various Park Improvements	5/6/2013	253,000		\$ 12,650	240,350	60,342	162,532			30,126			
1180	Refunding of Tax Appeals	10/10/2013	900,000			900,000	866,891				33,109			
1183	Various Capital Improvements	12/30/2013	2,560,000		121,915	2,438,085	70,315	997,064			1,492,621			
1185	Improvements to Inwood Park	11/18/2013	149,000	-	-	7,450	141,550	-	-	-	7,450	141,550	-	
				<u>\$7,666,244</u>	<u>\$9,438,382</u>	<u>\$150,265</u>	<u>\$4,161,235</u>	<u>\$9,566,188</u>	<u>\$ 3,054,038</u>	<u>\$ 25,000</u>	<u>\$ 1,376,430</u>	<u>\$ 4,586,595</u>	<u>\$ 7,989,605</u>	<u>\$ 2,378,870</u>
							Cash Disbursed	\$9,400,358						
							Due to Current	165,830						
								<u>\$9,566,188</u>						

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

	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31, 2012	Decreased	Balance, December 31, 2013
			Date	Amount				
General Bonds	8/1/2003	2,986,000	8/1/2014-17 8/1/2018	\$ 260,000 256,000	3.50-4.00 %	\$ 1,556,000	\$ 260,000	\$ 1,296,000
General Bonds	11/1/2003	1,990,000	11/1/2014	190,000	3.50-4.00 %	390,000	200,000	190,000
General Bonds	3/15/2006	2,290,000	3/15/2014-22	160,000	4.00-4.25 %	1,590,000	150,000	1,440,000
General Bonds	12/15/2008	4,235,000	6/15/14 6/15/15-22 6/15/2023	200,000 400,000 410,000	4.75-5.00 %	4,010,000	200,000.00	3,810,000
Refunding of Bonds 2010	5/19/2010	2,690,000	5/1/2014 5/1/2015-16 5/1/2017 5/1/2018-19 5/1/2020	330,000 320,000 170,000 175,000 170,000	2.00-3.50 %	2,000,000	340,000	1,660,000
General Bonds	7/28/2010	3,599,000	8/1/2014 8/1/2015 8/1/2016 8/1/2017 8/1/2018 8/1/2019 8/1/2020 8/1/2021 8/1/2022 8/1/2023 8/1/2024 8/1/2025 8/1/2026 8/1/2027 8/1/2028 8/1/2029 8/1/2030	126,000 131,000 135,000 141,000 148,000 155,000 163,000 171,000 181,000 191,000 201,000 213,000 225,000 239,000 255,000 272,000 289,000	1.66-6.54 %	3,360,000	124,000	3,236,000
						<u>\$ 12,906,000</u>	<u>\$ 1,274,000</u>	<u>\$ 11,632,000</u>

Paid by Current Fund Budget \$ 1,274,000

TOWNSHIP OF LITTLE FALLS
STATEMENT OF ACCOUNTS RECEIVABLE - RESIDENTIAL SHARE

Balance, December 31, 2012	\$	627,030
Decreased by:		
Cash Receipts		9,600
Balance, December 31, 2013	\$	617,430

STATEMENT OF GRANTS RECEIVABLE

Balance, December 31, 2012	\$	10,040,340
Increased by:		
Grants Awarded		
Reserve for Grants Receivable		965,784
		11,006,124
Decreased by:		
Cash receipts	\$	501,173
Due from Current Fund		178,143
		679,316
Balance, December 31, 2013	\$	10,326,808

Analysis of Balance

	Pledged To		
	Reserve	Improv. Auth	
DOT (Ord. 1098)	\$ 235,611		\$ 235,611
FEMA (Ord. 1131)		\$ 364,770	364,770
NJ OEM (Ord. 1147)	2,500,000	2,965,127	5,465,127
NJ OEM (Ord. 1151)		2,943,600	2,943,600
NJ DEP (Ord. 1151)	715,000	266,200	981,200
DOT (Ord. 1174)	58,069		58,069
Passaic County (Ord. 1175)	71,000		71,000
Passaic County (Ord. 1175)	79,670		79,670
DOT (Ord. 1183)	57,761		57,761
Passaic County (Ord. 1185)	70,000	-	70,000
	\$ 3,787,111	\$ 6,539,697	\$ 10,326,808

STATEMENT OF RESERVE FOR LIBRARY ROOF/ DUE TO LIBRARY

Balance, December 31, 2012	\$	6,165
Balance, December 31, 2013	\$	6,165

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

Balance, December 31, 2012	\$ 3,322,500
Increased by:	
Grants Awarded	<u>965,784</u>
	4,288,284
Decreased by:	
Cash Receipts	<u>501,173</u>
Balance, December 31, 2013	<u>\$ 3,787,111</u>

Analysis of Balance

DOT (Ord. 1098)	\$ 235,611
NJ OEM (Ord. 1147)	2,500,000
NJ OEM (Ord. 1151)	715,000
DOT (Ord. 1174)	58,069
Passaic County (Ord. 1175)	71,000
Passaic County (Ord. 1175)	79,670
DOT (Ord. 1183)	57,761
Passaic County (Ord. 1185)	<u>70,000</u>
	<u>\$ 3,787,111</u>

STATEMENT OF RESERVE FOR FEMA

Balance, December 31, 2012	<u>\$ 571,279</u>
Decreased by:	
Anticipated as Current Fund Revenue	\$ 197,303
Applied to Note Paydown	<u>373,976</u>
	<u>\$ 571,279</u>

STATEMENT OF RESERVE FOR I&I

Balance, December 31, 2012	<u>\$ 200,391</u>
Balance, December 31, 2013	<u>\$ 200,391</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, December 31, 2012	Increased	Decreased	Balance, December 31, 2013
1150	Refunding Ordinance-Hurricane Irene	5/15/2012	\$ 675,000	5/15/2012 5/14/2013	5/15/2013 5/14/2014	1.00% 1.25%	\$ 675,000	\$ 81,000	\$ 675,000	\$ 81,000
991/1080/										
1171	New Pump Station at Louis Street	6/29/2012	450,000	6/29/2012 5/14/2013	6/28/2013 5/14/2014	1.15% 1.25%	450,000	450,000	450,000	450,000
			156,750	7/31/2013	5/14/2014	1.25%		156,750		156,750
1020	Construction of a New Justice Complex	6/29/2012	301,000	6/29/2012 5/14/2013	6/28/2013 5/14/2014	1.15% 1.25%	301,000	301,000	301,000	301,000
1043	Acquisition of Fire Pumper	6/29/2012	617,500	6/29/2012 5/14/2013	6/28/2013 5/14/2014	1.15% 1.25%	617,500	617,500	617,500	617,500
1046	Sanitary Sewer Improvements	6/29/2012	237,500	6/29/2012 5/14/2013	6/28/2013 5/14/2014	1.15% 1.25%	237,500	237,500	237,500	237,500
1048	Storm Sewer Improvements	6/29/2012	584,250	6/29/2012 5/14/2013	6/28/2013 5/14/2014	1.15% 1.25%	584,250	584,250	584,250	584,250
1069	2009 Road Improvement Program	6/29/2012	237,500	6/29/2012 5/14/2013	6/28/2013 5/14/2014	1.15% 1.25%	237,500	237,500	237,500	237,500
1072	Various Capital Improvements	6/29/2012	142,500	6/29/2012 5/14/2013	6/28/2013 5/14/2014	1.15% 1.25%	142,500	142,500	142,500	142,500
1098	Various Road Improvements	6/29/2012	309,166	6/29/2012 5/14/2013	6/28/2013 5/14/2014	1.15% 1.25%	309,166	309,166	309,166	309,166
1099	2010 Road Program	6/29/2012	235,834	6/29/2012 5/14/2013	6/28/2013 5/14/2014	1.15% 1.25%	235,834	231,834	235,834	231,834
1101	Acquisition of Trucks with Plows	6/29/2012	80,750	6/29/2012 5/14/2013	6/28/2013 5/14/2014	1.15% 1.25%	80,750	80,750	80,750	80,750
1102	Storm Drain System Improvements	6/29/2012	380,000	6/29/2012 5/14/2013	6/28/2013 5/14/2014	1.15% 1.25%	380,000	380,000	380,000	380,000

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, December 31, 2012	Increased	Decreased	Balance, December 31, 2013
1139	Reconstruction of Tennis Courts at Duva Park	6/29/2012	\$ 114,000	6/29/2012 5/14/2013	6/28/2013 5/14/2014	1.15% 1.25%	\$ 114,000	\$ 114,000	\$ 114,000	\$ 114,000
1166	Refunding of Tax Appeals	12/28/2012	790,000	12/28/2012 12/27/2013	12/27/2013 12/19/2014	1.75% 1.00%	790,000	530,000	790,000	530,000
1095	Flood Mitigation	12/28/2012	3,333,000	12/28/2012 12/27/2013	12/27/2013 12/19/2014	1.75% 1.00%	3,333,000	3,600,000	3,333,000	3,600,000
1147	Flood Mitigation Acquisition or Reconstruction	7/31/2013	2,500,000	7/31/2013	5/14/2014	1.25%		2,500,000		2,500,000
1155	Construction of a New Justice Complex	7/31/2013	427,500	7/31/2013	5/14/2014	1.25%		427,500		427,500
1174	Improvements to Ridge Avenue	7/31/2013	284,500	7/31/2013	5/14/2014	1.25%		284,500		284,500
1175	Various Park Improvements	7/31/2013	238,250	7/31/2013	5/14/2014	1.25%		238,250		238,250
1180	Refunding of Tax Appeals	12/27/2013	900,000	12/27/2013	12/19/2014	1.00%	-	900,000	-	900,000
							<u>\$ 8,488,000</u>	<u>\$12,404,000</u>	<u>\$ 8,488,000</u>	<u>\$ 12,404,000</u>
							Cash - New Notes	\$ 4,774,000		
							Renewals	7,630,000	\$ 7,630,000	
							Capital Cash		598,000	
							Budget Appropriation	-	260,000	
								<u>\$12,404,000</u>	<u>\$ 8,488,000</u>	

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

Increased by:	
Ordinance Overexpended in 2013	<u>\$ 2,378,870</u>
Balance, December 31, 2013	<u>\$ 2,378,870</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2012	Increased By		Decreased By		Balance, December 31, 2013
			2013 Authorizations	Notes not Renewed	Receipts	Notes Issued	
732/777	Improvements to Municipal Bldg.	\$ 115					\$ 115
721/802	Improvements to Various Roads	773					773
856	Morris Canal Pedestrian Way & Preserve	971					971
908	Acquisition of New Town Wide Radio System	446					446
1070	Sanitary Sewer Improvements	95,000					95,000
1071	Storm Sewer Improvements	403,750					403,750
1092	Improvement Fairfield Pump Station	1,300,000					1,300,000
1095	Flood Mitigation	267,000				\$ 267,000	-
1098	Various Road Improvements	196,733			\$ 114,389		82,344
1100	Sanitary Sewer Improvements	142,500					142,500
1110	Morris Canal Bikeway 3	180,930			84,557		96,373
1126	Paving of Stanley Street	94,500			32,500		62,000
1129	Acquisition of Various Public Safety Equipment	275,500					275,500
1130	Various Capital Improvements	486,400					486,400
1147	Flood Mitigation Acquisition or Reconstruction	2,500,000				2,500,000	-
1149	Construction of a New Justice Complex	95,000					95,000
1150	Refunding Ordinance-Hurricane Irene			\$ 24			24
1151	FEMA Flood Mitigation Project	593,000					593,000
1155	Construction of a New Justice Complex	427,500				427,500	-
1160	Paving of Stanley Street	38,000					38,000
1163	Reassessment of Real Property	261,250					261,250
1171	Supplemental - New Pump Station at Louis Street		\$ 156,750			156,750	-
1174	Improvements to Ridge Avenue		284,500			284,500	-
1175	Various Park Improvements		240,350			238,250	2,100
1180	Refunding of Tax Appeals		900,000			900,000	-
1183	Various Capital Improvements		2,438,085		162,239		2,275,846
1185	Improvements to Inwood Park	-	141,550	-	-	-	141,550
		<u>\$ 7,359,368</u>	<u>\$ 4,161,235</u>	<u>\$ 24</u>	<u>\$ 393,685</u>	<u>\$4,774,000</u>	<u>\$ 6,352,942</u>

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

	<u>PATF #2</u>	<u>Total</u>
Balance, December 31, 2012	\$ 14,161	\$ 14,161
Increased by Receipts:		
State Aid	<u>23,400</u>	<u>23,400</u>
	<u>23,400</u>	<u>23,400</u>
	<u>37,561</u>	<u>37,561</u>
Decreased by Disbursements:		
Public Assistance Payments	<u>27,466</u>	<u>27,466</u>
Balance, December 31, 2013	<u>\$ 10,095</u>	<u>\$ 10,095</u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE FUND

	<u>PATF #2</u>	<u>Total</u>
Balance, December 31, 2012	\$ 14,161	\$ 14,161
Increased by:		
State Aid	<u>23,400</u>	<u>23,400</u>
	<u>23,400</u>	<u>23,400</u>
	<u>37,561</u>	<u>37,561</u>
Decreased by:		
Public Assistance	<u>27,466</u>	<u>27,466</u>
Balance, December 31, 2013	<u>\$ 10,095</u>	<u>\$ 10,095</u>

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

	P.A.T.F. Account #2 (100%)	Fund Total
State Aid	\$ 23,400	\$ 23,400
Total Revenues (PATF)	<u>23,400</u>	<u>23,400</u>
Total Receipts/Revenues	<u>\$ 23,400</u>	<u>\$ 23,400</u>

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	P.A.T.F. Account #2 (100%)	Fund Total
Current Year Assistance		
Maintenance Payments	\$ 12,810	\$ 12,810
Temporary Rental Assistance	14,446	14,446
Work Related Expenses	<u>210</u>	<u>210</u>
Total Current Year Assistance Reported	<u>27,466</u>	<u>27,466</u>
Total Disbursements	<u>\$ 27,466</u>	<u>\$ 27,466</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
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MARK SACO, CPA

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, 2013, and the related notes to the financial statements, and have issued our report thereon dated May 27, 2014. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented 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 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 financial statements.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-001 through 2013-006 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 2013-001 through 2013-006.

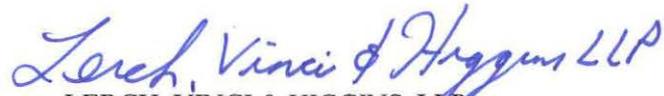
We also noted certain matters that we reported to management of the Township of Little Falls in Part III of this report of audit entitled; "Letter of Comments and Recommendations"

Township of Little Falls' Responses to Findings

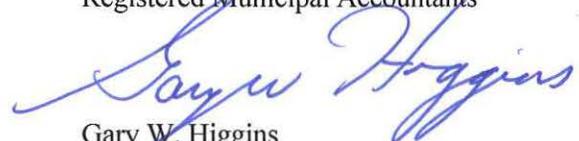
The Township of Little Falls' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Township of Little Falls' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, 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
May 27, 2014



LERCH, VINCI & HIGGINS, LLP

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133**

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) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Township of Little Falls' major federal programs for the year ended December 31, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and Circulars 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.

Basis for Qualified Opinion on FEMA-Severe Repetitive Loss Program

As described in the accompanying schedule of findings and questioned costs, the Township of Little Falls did not comply with requirements regarding CFDA 97-110 FEMA Severe Repetitive Loss Program as described in finding number 2013-007 for reporting. Compliance with such requirements is necessary, in our opinion, for the Township of Little Falls to comply with the requirements applicable to that program.

Qualified Opinion on FEMA – Severe Repetitive Loss Program

In our opinion, except for the noncompliance described in the “Basis for Qualified Opinion” paragraph above, 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 FEMA – Severe Repetitive Loss Program for the year ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2013.

Other Matters

The Township of Little Falls’ response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Township of Little Falls’ response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133, 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness or significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-007 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-007 to be a significant deficiency.

The Township of Little Falls' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Township of Little Falls' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements - regulatory basis of the Township of Little Falls as of and for the year ended December 31, 2013, and the related notes to the financial statements and have issued our report thereon dated May 27, 2014, which contained a modified opinion on those financial statements because they were not prepared and presented in accordance with accounting principles generally accepted in the United States of America and also contained a modified opinion on those financial statements prepared and presented in accordance with the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements. 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 OMB Circular A-133 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
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Gary W Higgins
Gary W Higgins
Registered Municipal Accountant
RMA Number CR00405

Fair Lawn, New Jersey
May 27, 2014

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Grant Year</u>	<u>State Account Number</u>	<u>CFDA Number</u>	<u>Grant Award Amount</u>	<u>2013 Grant Receipts</u>	<u>Balance, December 31, 2012</u>	<u>Revenue Realized</u>	<u>Adjustment (A)</u>	<u>Expenditures</u>	<u>Balance, December 31, 2013</u>
U.S. Department of Homeland Security										
Repetitive Flood Claims Program (Ord. 1121)	2011		97.092	\$ 364,770		\$ 302,544			\$ 294,247	\$ 8,297
Severe Repetitive Loss Program	2010	1200-100-986-14	97.110	5,973,120	178,143	5,604,628		\$ (112,942)	3,118,116	2,373,570
Severe Repetitive Loss Program	2011	1200-100-986-14	97.110	6,270,300		6,232,477			3,448,043	2,784,434
Hazardous Mitigation Grant Program	2012		97.039	2,943,600		2,932,998			1,698,652	1,234,346
NJ State Police - OEM	2010		97.053	1,500		1,500				1,500
U.S. Department of Homeland Security (Passed through State Office of Emergency Management)										
Disaster Grants - Public Assistance										
Hurricane Sandy	2012	1200-100-A92-14	97.036	100,489	\$ 100,489		100,489		100,489	
U.S. Department of Transportation										
Over the Limit - Under Arrest	2009	1160-100-057-12	20.601	6,000		4,400				4,400
	2010	1160-100-057-13	20.601	5,000		5,000				5,000
Drive Sober or Get Pulled Over	2012	1160-100-057-14	20.601	4,400	4,400	4,400			-	4,400
Highway Planning and Construction										
Ordinance 1110	2013	6320-480-ABA-13	20.205	160,000	63,430	63,430			63,430	
Ordinance 1098	2013	6320-480-AKN-13	20.205	500,000	114,389	350,000			114,389	235,611
Ordinance 1126	2013	6320-480-AK3-13	20.205	130,000	32,500	32,500			32,500	-
Ordinance 1174	2013	6320-480-ALC-14	20.205	175,114	117,045		175,114		117,045	58,069
Ordinance 1183	2013	6320-480-ALL-14	20.205	220,000	162,239		220,000		162,239	57,761
U.S. Department of Housing and Urban Development										
Community Development Block Grant	2010		14.218	32,950	-	6,726				6,726
Community Development Block Grant (Ord. 1139)	2011		14.218	75,000	75,000					-
						-	-	-	-	-
						<u>\$ 15,540,603</u>	<u>\$ 495,603</u>	<u>\$ (112,942)</u>	<u>\$ 9,149,150</u>	<u>\$ 6,774,114</u>

(A) Adjustment represents the reclassification of expenditures previously reported as a federal grant expenditure.

TOWNSHIP OF LITTLE FALLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>State Grant Program</u>	<u>Account Numbers</u>	<u>Grant Year</u>	<u>2013 Grant Receipts</u>	<u>Balance, December 31, 2012</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance, December 31, 2013</u>	<u>Memo Cumulative Total Expenditures</u>
Drunk Driving Enforcement Fund	1110-443-031020-22	2013			\$ 7,507	\$ 240	\$ 7,267	240
		2012		\$ 10,601			10,601	\$ 3,737
		2010		3,565			3,565	10,773
		2011		9,966		4,043	5,923	4,511
Alcohol Education and Rehabilitation Program	4250-760-05000-63-260	2005		1,724			1,724	2,648
		2013	\$ 2,744		2,744	2,744	-	2,744
General Welfare Assistance	7550-100-121	2013	23,400	14,161	23,400	27,466	10,095	27,466
Clean Communities Act	4900-765-178900	2010		721		521	200	17,226
		2012		13,935			13,935	2,425
		2013	19,209		19,209	8,774	10,435	8,774
Recycling Tonnage Grant	4830-752-050550-30	2009		15,995			15,995	1,142
		2011		33,352			33,352	1,002
		2013				19,150	19,150	-
Bullet Proof Vest Partnership	N/A	2010		1,301			1,301	-
Body Armor Grant	1020-718-001	2013			4,801	4,801	-	4,801
		2010		2,180		2,180	-	2,180
Municipal Alliance Program	N/A	2013	4,088		24,489	19,666	4,823	19,666
		2012	20,727	84		84	-	25,163
		2010		8,085			8,085	19,115
		2011	4,276	386		-	386	24,777

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>State Grant Program</u>	<u>Account Numbers</u>	<u>Grant Year</u>	<u>2013 Grant Receipts</u>	<u>Balance, December 31, 2012</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Balance, December 31, 2013</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		1,394		\$ 1,301	93	2,459
Safe Corridors	6100-100-051-13	2012	\$ 48,560	23,847		16,957	6,890	41,670
Louis Street Park Grant	N/A	2012		1,267		1,267	-	3,733
NJ State Police - OEM	N/A	2008		5,000			5,000	-
Communicable Diseases - Hep B Funds	4230-100-241-13	2013	2,820		\$ 2,820		2,820	-
Hazardous Mitigation Grant Program Blue Acres Grant	1605-11-LBA	2012		981,200			981,200	
Department of Transportation Ordinance 1110	6220-572-045-13	2013	21,127		21,127	21,127		21,127
Special Legislative Grants: Main St./Rte. 23 Curbs & Sidewalks	01-100-022-8030-196-FFFF-6120	2001		7,689	-	-	7,689	172,311
				<u>\$ 1,164,918</u>	<u>\$ 117,740</u>	<u>\$ 110,931</u>	<u>\$ 1,171,727</u>	<u>\$ 514,087</u>

N/A - Not Available

Note: This schedule was not subject to an audit in accordance with OMB Circular 04-04.

**TOWNSHIP OF LITTLE FALLS
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013**

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	\$ 100,489	\$ 73,213	\$ 173,702
General Capital Fund	395,114	21,127	416,241
Public Assistance Trust Fund	<u>-</u>	<u>23,400</u>	<u>23,400</u>
Total Financial Awards	<u>\$ 495,603</u>	<u>\$ 117,740</u>	<u>\$ 613,343</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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

Part I – Summary of Auditor’s Results

Financial Statement Section

- A) Type of auditors' report issued: Qualified - 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: \$300,000
- E) Auditee qualified as low-risk auditee? yes X no
- F) Type of auditors' report on compliance for major programs: Qualified
- G) Internal Control over compliance:
- 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
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))? X yes 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>20.205</u>	<u>Highway Planning and Construction</u>
<u> </u>	<u> </u>

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

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 2013-001:

Our audit revealed that certain General Capital Fund contracts were not encumbered at December 31, 2013.

Criteria or specific requirement:

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

Condition:

Certain outstanding liabilities were not encumbered at December 31, 2013.

Context:

General Capital Fund contracts totaling \$2,317,773 were unrecorded at December 31, 2013.

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 when contracts are awarded or when charge 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, 2013**

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 2013-002:

Certain accounts in the general ledgers for the year ended December 31, 2013 were not in agreement with the Treasurer's monthly reports, supporting reconciliations, subsidiary records and/or journals as a result of numerous financial transactions not recorded and numerous required journal entries not being prepared and recorded.

Criteria or specific requirement:

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

Condition:

See Finding 2013-002.

Context:

The general ledgers were not reconciled to the subsidiary records of the Township resulting in various general ledger accounts being materially misstated at December 31, 2013.

Effect:

Financial statements presented for audit contained material misstatements, however, numerous audit adjustments were applied to the financial statements in order to properly reflect account balances.

Cause:

Inadequate staffing in the Finance Department.

Recommendation:

Internal controls over financial reporting be reviewed and enhanced to ensure general ledgers and subsidiary journals reflect all transactions.

Management's Response:

The Township has hired a full-time, experienced Administrator/Chief Financial Officer in 2014.

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

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 2013-003:

The Township's fixed assets accounting and reporting system was not currently maintained for calendar year 2013.

Criteria or specific requirement:

N.J.A.C. 5:30-5.6, "Accounting for Governmental Fixed Assets".

Condition:

Fixed asset records were not updated during 2013 for assets acquired or disposed of during the calendar year.

Questioned Costs:

None.

Context:

Fixed asset additions totaling \$7,429,297 and deletions of \$87,820 were not accounted for through 2013.

Effect:

Fixed assets may be acquired or disposed of and not be recorded in the financial accounting records by the Township. The fixed assets accounting records were subsequently updated in 2014 based upon the review of 2013 accounting transactions.

Cause:

Inadequate staffing in the Finance Department.

Recommendation:

The Township's fixed asset accounting and reporting system be currently maintained.

Management's Response:

Management is reviewing internal controls relating to fixed asset accounts.

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

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 2013-004:

The following exceptions were noted with respect to the New Jersey Public Contracts Law:

- Purchases of communications equipment and vehicles through the use of State contracts were not approved by Council resolution.
- The purchase of a truck through the use of a cooperative purchasing program was not approved by Council resolution.
- The Township did not solicit competitive quotations and/or bids for the purchase of vehicles, landscape services and radio services.
- The Business Registration Certificate and 10% Ownership Statement was not available for the vendor providing the town-wide re-assessment.

Criteria or specific requirement:

New Jersey Local Public Contracts Law – NJSA 40A:11-4 “Contracts Required to be Advertised”.

Condition:

The Township did not comply with certain provisions of the Local Public Contracts Law.

Questioned Costs:

Not applicable.

Context:

See Finding 2013-004.

Effect:

Unknown.

Cause:

Unknown.

Recommendation:

All contracts for goods and services which in the aggregate exceed the quote and/or bid threshold be made in accordance with the New Jersey Local Public Contracts Law.

Management’s Response:

Management is reviewing internal controls relating to the New Jersey Local Public Contracts Law.

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

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 2013-005:

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

Criteria or specific requirement:

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

Condition:

See Finding 2013-005.

Context:

The monthly bank reconciliations were not prepared in a timely manner.

Effect:

Monthly general ledger balances were not supported with a bank reconciliation.

Cause:

Inadequate staffing in the Finance Department.

Recommendation:

Monthly bank reconciliations should be prepared in a timely manner and reconciled to the general ledger balance.

Management's Response:

The Township has implemented procedures to ensure timely preparation of bank reconciliations.

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

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 2013-006:

Our audit revealed that Ordinance 1095 in the General Capital Fund was overexpended at December 31, 2013 in the amount of \$2,378,870.

Criteria or specific requirement:

N.J.S.A. 40A:4-57, expenditures void without appropriation.

Condition:

Ordinance 1095 was not amended for additional grant monies awarded.

Questioned Costs:

None.

Context:

Ordinance 1095 was overexpended in the amount of \$2,378,870.

Effect:

The funding of Ordinance 1095 was not sufficient to fund liabilities incurred resulting in deferred charges that must be raised in future years' budgets.

Cause:

Additional funding awarded to the Township was not appropriated as a supplemental appropriation to the original ordinance.

Recommendation:

Appropriation be provided prior to incurring expenditures.

Management's Response:

Management is reviewing internal controls relating to the funding of capital ordinances.

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

Part 3 – Schedule of Financial Statement Findings

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Finding 2013-007:

The following was noted for the FEMA Severe Repetitive Loss Program (SRL10 and SRL11) with regards to financial reporting:

- Certain quarterly progress reports were not submitted in a timely manner.
- The Township was unable to provide documentation that the extension request for SRL10 was filed and approved by FEMA.
- Requests for the reimbursement of funds expended by the Township are not being filed timely.

Information on the Federal Programs

Severe Repetitive Loss Program – CFDA Number 97.110

Criteria or specific requirement:

- SRL10 and SRL11 Grant Agreements
- OMB Circular A-133 Compliance Reports

Condition:

See Finding 2013-007.

Questioned Costs:

Due to the delay in filing for and receiving reimbursements from FEMA, the amount, if any, of questioned costs that could potentially exist cannot be determined.

Context:

With regards to the FEMA Severe Repetitive Loss Program (SRL10 and SRL11):

- Quarterly progress reports are due the 15th day of the month following the end of the quarter. Certain quarterly progress reports were not submitted timely. Additionally, certain quarterly progress reports were not available for audit.
- Documentation to support the approval of an extension for SRL10 was not on file at the Township. An extension approval to June 30, 2014 was verified through information provided by the grantor representative.
- Through December 31, 2013, the Township had expenditures in the amount of \$6,566,159 for its FEMA SRL10 and SRL11 grant programs but has been reimbursed only \$178,143.

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

Part 3 – Schedule of Financial Statement Findings

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

Finding 2013-007 (Continued)

Effect:

Failure to file quarterly progress reports timely and have extension requests approved and properly documented could result in questioned costs. This could result in disallowed grant expenditures and the expense charged to the taxpayers of Little Falls Township.

Cause:

Unknown.

Recommendation:

Internal controls over financial reporting of FEMA grant expenditures be reviewed and enhanced.

Management's Response:

The Township is seeking requests for proposals for a FEMA/CDBG disaster recovery project manager to undertake financial reporting of the respective grants.

**TOWNSHIP OF LITTLE FALLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013**

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 OMB Circular A-133 and New Jersey OMB's Circular 04-04.

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, 2013**

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 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2012-1:

Our audit revealed that certain General Capital Fund contracts were not encumbered at December 31, 2012.

Current Status

Unchanged – See Finding 2013-001.

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

	Year 2013		Year 2012		
	Amount	Percent	Amount	Percent	
REVENUE AND OTHER INCOME REALIZED					
Fund Balance Utilized	\$ 150,000	0.32 %			
Miscellaneous - From Other Than Local					
Property Tax Levies	3,295,317	7.12	\$ 4,359,537	9.18	%
Collection of Delinquent Taxes and Tax Title Liens	500,471	1.08	556,125	1.17	
Collection of Current Tax Levy	42,143,342	91.00	42,374,186	89.22	
Other Credits to Income	223,427	0.48	205,132	0.43	
Total Income	<u>46,312,557</u>	<u>100.00</u> %	<u>47,494,980</u>	<u>100.00</u>	%
EXPENDITURES					
Budget Expenditures					
Municipal Purposes	14,818,056	32.18 %	15,072,534	32.11	%
County Taxes	10,788,037	23.43	11,996,347	25.56	
Local and Regional School Taxes	20,260,442	44.00	19,420,136	41.38	
Municipal Open Space Taxes	94,288	0.20	94,315	0.20	
Other Expenditures	81,084	0.18	353,414	0.75	
Total Expenditures	<u>46,041,907</u>	<u>100.00</u> %	<u>46,936,746</u>	<u>100.00</u>	%
Excess (Deficit) in Revenues	270,650		558,234		
Adjustments to Income Before Fund Balance:					
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	22,391		192,000		
Statutory Excess to Fund Balance	293,041		750,234		
Fund Balance, January 1	809,883		59,649		
	1,102,924		809,883		
Less: Amount of Fund Balance Utilized as Revenue	150,000		-		
Fund Balance, December 31	<u>\$ 952,924</u>		<u>\$ 809,883</u>		

**TOWNSHIP OF LITTLE FALLS
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	<u>\$2,845</u>	<u>\$2.30</u>	<u>\$2.145</u>
<u>Apportionment of Tax Rate</u>			
Municipal (Including Library)	.76724	.6067	.5826
Municipal Open Space	.00626	.0050	
County	.71570	.6360	.5725
Local School	.85050	.6670	.6534
Regional High School	.50530	.3853	.3365
<u>Assessed Valuation</u>			
2013	<u>\$1,507,404,960</u>		
2012		<u>\$1,885,661,100</u>	
2011			<u>\$1,909,597,900</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>
2013	\$ 42,887,838	\$ 42,143,342	98.26%
2012	\$ 43,384,823	\$ 42,374,186	97.67%
2011	41,042,069	40,357,924	98.33%

**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 Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2013	\$ 72,967	\$ 307,846	\$ 380,813	0.89%
2012	40,035	506,355	546,390	1.26%
2011	39,974	537,747	577,721	1.41%

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>
2013	\$825,100
2012	825,100
2011	825,100

COMPARATIVE SCHEDULE OF FUND BALANCES

<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
<u>Current Fund</u>		
2013	\$952,924	\$450,000
2012	809,883	150,000
2011	59,649	-0-
2010	438,835	433,000
2009	445,029	434,000

**TOWNSHIP OF LITTLE FALLS
OFFICIALS IN OFFICE AND SURETY BONDS**

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>
Darlene Post	Mayor
Louis Fontana	Council President
Joseph Maceri	Council Member
Pamela Porter	Council Member
William Organisciak	Council Member
John Vantuno	Council Member
Joanne Bergin	Administrator
Cynthia Kraus	Township Clerk
	Assessment Search Officer
	Registrar of Vital Statistics
Denise Whiteside	Tax Collector, Tax Search Officer
Nicholas Fargo	Certified Municipal Finance Officer
G. Dolph Corradino	Judge
Andrea Trombino	Court Administrator
Wilma DeFrancisci	Deputy Court Administrator
Richard Hamilton	Assessor
Dennis Lindsay	Engineer
John Dmuchowski	Chief of Police
Joseph Macones	Construction Code Official
	Building Sub-Code Official
	Fire Protection Sub-Code Official
Bruce Celenza	Plumbing Sub-Code Official
Thomas Atry	Electrical Sub-Code Official
Phillip H. Simone	Superintendent of Public Works
John Biegel III, M.A.	Health Officer
Robert D'Antonio	Public Assistance Director

All employees were insured for employee theft in the amount of \$1,000,000 under the New Jersey Intergovernmental 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 that certain deposits were not being made within 48 hours of receipt of funds. It is recommended that all deposits be made within 48 hours of receipt.

The audit indicated that 1099's were not prepared and sent to vendors for 2013 in a timely manner in accordance with IRS regulations. It is recommended that Form 1099's be prepared timely in accordance with IRS regulations.

The audit indicated that several 2013 appropriation accounts totaling \$17,253 and one 2012 appropriation account in the amount of \$5,138 were overexpended. It is recommended that transfers be made prior to overexpending budgetary appropriation accounts.

The audit indicated that there exists various interfund balances as of December 31, 2013 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.

There is a deficit balance in the Reserve for Unemployment at December 31, 2013 in the amount of \$17,958. This amount has been raised in the 2014 budget. It is recommended that sufficient funds be appropriated in the Current Fund budget to ensure there are proper funds available in the Unemployment Trust Fund.

The audit indicated that the cash disbursements per the year-to-date vendor analysis were not in agreement with the total of all check registers for the year ended December 31, 2013. This is primarily the result of certain wire transfers not being integrated into the vendor analysis. It is recommended that all cash disbursements be recorded in the vendor analysis.

The audit indicated that the Township did not file the required annual financial report accounting for the transactions related to the affordable housing. It is recommended that the Township file the required annual financial report accounting for the transactions related to affordable housing with the State of New Jersey.

The audit revealed that several purchase orders examined had invoice dates that preceded the purchase order dates. It is recommended that all purchase orders be issued prior to the ordering of goods or services.

The audit of the December 31, 2013 bank reconciliations indicated there exists certain old outstanding checks and reconciling items. It is recommended that old outstanding checks and reconciling items on the bank reconciliations be reviewed and cleared of record.

The audit of cash disbursements from the Public Assistance Trust Fund disclosed that certain checks issued were not presented to the governing body for approval. It is recommended that all checks issued from the Public Assistance Trust Fund be presented to the governing body for approval.

The audit of contracts payable in the General Capital Fund revealed that certain open purchase orders are inactive and relate to prior years' projects. It is recommended that open purchase orders in the General Capital Fund be reviewed and restored to the respective improvement authorization balance if deemed invalid.

**TOWNSHIP OF LITTLE FALLS
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

Prior Year Unresolved

The audit indicated that the Other Trust escrow ledger included old escrow deposits. In addition, a detailed escrow deposit ledger was not maintained. It is recommended that a detailed escrow deposit ledger be maintained and old escrow deposits be reviewed and cleared of record, where applicable.

The audit of fees collected by the Recreation Department revealed certain program fees collected were not in accordance with the approved fee schedule. It is recommended that all recreation fees be calculated in accordance with the approved fee schedule.

The audit indicated that there exists certain prior year inactive grants receivable and appropriated grant reserves. It is recommended that the prior year inactive grants receivable and appropriated grant reserves be reviewed and cleared of record.

The audit indicated that there is no independent verification of payroll deductions remitted by the Township's third party payroll provider. It is recommended that the Township implement procedures to verify the payment of payroll deductions by its third party payroll provider.

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."

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 \$36,000. The Township had a qualified purchasing agent and the Township, by resolution, increased the bid threshold to \$36,000 until September 2013 when the individual resigned. After September 2013, the Township did not have a qualified purchasing agent.

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.

The minutes indicate that bids were requested by public advertising for the following items:

- | | |
|------------------------------|---|
| Home Elevation Projects | Replacement of Wilmore Road Playground Fencing |
| Building Cleaning Services | Removal of Asbestos Shingles |
| Demolition Services | Improvements to Third Avenue |
| Improvements to Ridge Avenue | Improvements to William, Barber and Louis Streets |
| Elevating of Structures | Snow Removal Services |

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

**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)

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 7, 2013 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 2013.
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 April 17, 2013 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>
2013	8
2012	5
2011	2

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.

**TOWNSHIP OF LITTLE FALLS
RECOMMENDATIONS**

It is recommended that:

- * 1. A detailed escrow deposit ledger be maintained and old escrow deposits be reviewed and cleared of record, where applicable.
- * 2. All recreation fees be calculated in accordance with the approved fee schedule.
- * 3. The prior year inactive grants receivable and appropriated grant reserves be reviewed and cleared of record.
- * 4. Internal controls over encumbrances be reviewed and enhanced to ensure approved purchase orders are encumbered prior to the awarding of Township contracts.
- * 5. The Township implement procedures to verify the payment of payroll deductions by its third party payroll provider.
- 6. Internal controls over financial reporting be reviewed and enhanced to ensure general ledgers and subsidiary journals reflect all transactions.
- 7. The Township's fixed asset accounting and reporting system be currently maintained.
- 8. All contracts for goods and services which in the aggregate exceed the quote and/or bid threshold be made in accordance with the New Jersey Local Public Contracts Law.
- 9. Monthly bank reconciliations should be prepared in a timely manner and reconciled to the general ledger balance.
- 10. Appropriations be provided prior to incurring expenditures.
- 11. All deposits be made within 48 hours of receipt.
- 12. Form 1099's be prepared timely in accordance with IRS regulations.
- 13. Transfers be made prior to overexpending budgetary appropriation accounts.
- 14. All interfunds be cleared of record on a periodic basis and as of December 31.
- 15. Sufficient funds be appropriated in the Current Fund budget to ensure there are proper funds in the Unemployment Trust Fund.
- 16. All cash disbursements be recorded in the vendor analysis.
- 17. The Township file the required annual financial report accounting for the transactions related to affordable housing with the State of New Jersey.
- 18. All purchase orders be issued prior to the ordering of goods or services.
- 19. Old outstanding checks and reconciling items on the bank reconciliations be reviewed and cleared of record.

**TOWNSHIP OF LITTLE FALLS
RECOMMENDATIONS**

It is recommended that:

20. All checks issued from the Public Assistance Trust Fund be presented to the governing body for approval.
21. Open purchase orders in the General Capital Fund be reviewed and restored to the respective improvement authorization balance if deemed invalid.
22. Internal controls over financial reporting of FEMA grant expenditures be reviewed and enhanced.

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.

Lech 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