

**BOROUGH OF FAIR LAWN**

**Financial Statements With  
Supplementary Information  
December 31, 2018**

**(With Independent Auditors' Report Thereon)**

**BOROUGH OF FAIR LAWN**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2018**

# **BOROUGH OF FAIR LAWN**

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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and  
Members of the Borough Council  
Borough of Fair Lawn  
County of Bergen, 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 Borough of Fair Lawn in the County of Bergen, as of December 31, 2018 and 2017, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting 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 opinions 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 by the Borough of Fair Lawn on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Fair Lawn as of December 31, 2018 and 2017, or changes in financial position for the years then ended.

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

As described in Note 15 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,458,945 and \$1,531,454 for 2018 and 2017, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



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

In our opinion, except for the effect of the matters described in the “*Basis for Qualified Opinion on Regulatory Basis of Accounting*” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2018 and 2017, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2018 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### ***Emphasis of Matter***

#### ***Adoption of New Accounting Principle***

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2018, the Borough adopted Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions (an Amendment of GASB Statement No. 45). As a result of the regulatory basis of accounting, described in the previous paragraph, the implementation of this statement only required financial statement disclosure. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Fair Lawn’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

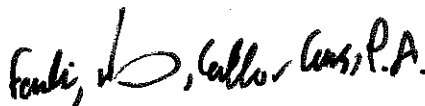
The Honorable Mayor and  
Members of the Borough Council  
Page 4.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2019 on our consideration of the Borough of Fair Lawn's 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 Borough of Fair Lawn's internal control over financial reporting and compliance.



Steven D. Wielkottz, C.P.A.  
Registered Municipal Accountant  
No. CROO413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

July 25, 2019

**Exhibit A**

**BOROUGH OF FAIR LAWN, N.J.**

**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**December 31, 2018 and 2017**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 32,177,218	41,900,213
Change Fund	A-5	705	630
		<u>32,177,923</u>	<u>41,900,843</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	812,786	790,600
Tax Title Liens	A-8	19,024	22,268
Other Liens Receivable	A-9	629	629
Due from Bergen County Prosecutor	A-10	35,725	
Property Acquired for Taxes -			
Assessed Valuation	A-11	73,260	73,260
Revenue Accounts Receivable	A-12	26,430	41,702
Due from Special Improvement District	A-23		863
Interfund Accounts Receivable	A-13	8,170,044	5,232,339
		<u>9,137,898</u>	<u>6,161,661</u>
		<u>41,315,821</u>	<u>48,062,504</u>
Federal and State Grant Fund:			
Cash	A-4	228,935	201,835
Interfund Accounts Receivable	A-26	6,345	7,344
Grants Receivable	A-27	316,224	314,158
		<u>551,504</u>	<u>523,337</u>
		<u>\$ 41,867,325</u>	<u>48,585,841</u>

**Exhibit A****BOROUGH OF FAIR LAWN, N.J.****Comparative Balance Sheet - Regulatory Basis****Current Fund****December 31, 2018 and 2017**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14 \$	3,096,307	4,258,161
Encumbrances Payable	A-3/A-15	1,484,180	1,342,472
Interfund Accounts Payable	A-13	6,345	27,144
Accounts Payable	A-16	371,616	439,977
Reserve for Other Expenditures	A-17	8,257,698	10,246,503
Reserve for Library Expenditures	A-18	106,168	85,146
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	A-19	182,282	177,402
Construction Training Fees	A-20	11,741	11,037
Tax Overpayments	A-21	116,885	53,152
Local School Taxes Payable	A-22	620,862	861,734
County Taxes Payable	A-23	30,110	28,783
SID Taxes Payable	A-24	876	
Prepaid Taxes	A-25	750,729	8,865,667
		<u>15,035,799</u>	<u>26,397,178</u>
Reserve for Receivables	Contra	9,137,898	6,161,660
Fund Balance	A-1	<u>17,142,124</u>	<u>15,503,666</u>
		<u>41,315,821</u>	<u>48,062,504</u>
Federal and State Grant Fund:			
Unappropriated Reserve for Grants	A-28	5,240	5,240
Appropriated Reserve for Grants	A-29	528,345	518,097
Encumbrances Payable	A-30	17,919	
		<u>551,504</u>	<u>523,337</u>
	\$	<u>41,867,325</u>	<u>48,585,841</u>

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

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

## Current Fund

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues and Other Income:		
Fund Balance Utilized	4,200,000	3,650,000
Miscellaneous Revenue Anticipated	8,519,339	8,312,764
Receipts from Delinquent Taxes	720,717	911,536
Receipts from Current Taxes	139,059,469	135,116,883
Non-Budget Revenue	966,120	876,772
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	3,392,426	2,375,233
Prior Year Interfunds Returned	1,858	
Accounts Payable Cancelled	194,540	1,807,614
Total Revenues and Other Income	<u>157,054,469</u>	<u>153,050,802</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	19,784,210	19,021,375
Other Expenses	18,409,607	18,879,049
Capital Improvement Fund	430,000	405,000
Municipal Debt Service	3,419,511	3,464,987
Deferred Charges and Statutory Expenditures -		
Municipal	4,300,646	4,214,466
Local District School Tax	89,052,635	85,574,739
County Taxes including Added Taxes	12,362,692	11,975,168
Special Improvement District Taxes	271,939	269,337
Municipal Open Space Tax	211,096	209,752
Prior Year Seniors & Vet Deductions	5,273	7,500
Due from Bergen County Prosecutor	35,725	
Interfunds Advanced	2,830,200	3,002,170
Refunds		84,185
Tax Overpayments	102,477	144,203
Total Expenditures	<u>151,216,011</u>	<u>147,251,931</u>
Excess (Deficit) Revenue Over Expenditures	5,838,458	5,798,871
Fund Balance, January 1,	<u>15,503,666</u>	<u>13,354,795</u>
	21,342,124	19,153,666
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>4,200,000</u>	<u>3,650,000</u>
Fund Balance, December 31,	<u>17,142,124</u>	<u>15,503,666</u>

See accompanying notes to the financial statements.

**BOROUGH OF FAIR LAWN, N.J.**  
**Statement of Revenues - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 4,200,000	4,200,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	37,300	42,990	5,690
Other	17,000	21,157	4,157
Fees and Permits	400,000	565,849	165,849
Fines and Costs:			
Municipal Court	500,000	524,162	24,162
Interest and Costs on Taxes	125,000	177,787	52,787
Interest on Investments and Deposits	50,000	508,471	458,471
Tax and Assessment Searches	60	60	
Memorial Pool	300,000	406,290	106,290
Sewer User Charges	25,040	135,202	110,162
Cable Television Fees	413,700	456,704	43,004
Uniform Fire Safety Act	208,000	234,394	26,394
Hotel Tax	125,000	145,544	20,544
Ambulance	450,000	457,166	7,166
Consolidated Municipal Property Tax Relief Aid	26,389	26,389	
Energy Receipts Tax	3,718,144	3,718,144	
Uniform Construction Code Fees	840,000	1,027,952	187,952
Clean Communities Program	55,799	55,799	
Municipal Alliance on Alcoholism and Drug Abuse	15,279	15,279	
Total Miscellaneous Revenues	7,306,711	8,519,339	1,212,628

**BOROUGH OF FAIR LAWN, N.J.**  
**Statement of Revenues - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Receipts from Delinquent Taxes	<u>700,000</u>	<u>720,717</u>	<u>20,717</u>
Subtotal General Revenues	<u>12,206,711</u>	<u>13,440,056</u>	<u>1,233,345</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes Minimum Library Tax	<u>37,717,752</u>	<u>40,461,107</u>	<u>2,743,355</u>
Total Amount to be Raised by Taxation	<u>37,717,752</u>	<u>40,461,107</u>	<u>2,743,355</u>
Budget Totals	49,924,463	53,901,163	3,976,700
Non-Budget Revenue		<u>966,120</u>	<u>966,120</u>
	<u>\$ 49,924,463</u>	<u>54,867,283</u>	<u>4,942,820</u>

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 139,059,469
Allocated to School and County Taxes	\$ 101,415,327
Special District Taxes	271,939
Municipal Open Space Taxes	<u>211,096</u>
	<u>101,898,362</u>
Balance for Support of Municipal Budget Appropriations	37,161,107
Add : Appropriation - Reserve for Uncollected Taxes	<u>3,300,000</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 40,461,107</u>
Receipts from Delinquent Taxes:	
Tax Title Liens	3,578
Delinquent Taxes	<u>717,139</u>
	<u>\$ 720,717</u>

**BOROUGH OF FAIR LAWN, N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2018**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
<u>Analysis of Non-budget Revenues</u>			
Recreation Fees	\$ 129,226		
Copies, Maps and Plans	3,376		
Sale of Assets	44,496		
Police Fees	1,139		
Traffic Lights	1,453		
Dumpster Fees	2,500		
List of Property Owners	1,200		
Police Reimbursement Special III	84,681		
Property Maintenance Charges	3,346		
Bad Check Charge	150		
Café License	1,500		
Cell Tower Revenue	162,473		
DMV Fees	3,550		
Offsets Not Applied	158,570		
Tax Sale Fee	9,755		
Refunds	1,000		
FEMA Reimbursements	101,252		
Reimbursements	6,773		
Vending Machine	372		
Bus Shelter Revenue	4,800		
County Snow Plowing	8,010		
PVSC	5,861		
Borough Calendar-Columbi Bank	8,600		
Shared Services	89,820		
Misceallaneous	106,725		
Canceled Trust Funds	25,492		
		\$ 966,120	

See accompanying notes to the financial statements.



## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
General Government:					
Administration:					
Salaries and Wages	\$ 504,100	513,100	509,226	3,874	
Other Expenses	127,050	127,550	117,833	9,717	
Labor Attorney:					
Other Expenses	85,000	105,000	87,408	17,592	
Mayor and Council:					
Salaries and Wages	15,000	15,000	14,271	729	
Other Expenses	123,300	123,300	116,700	6,600	
Municipal Clerk:					
Salaries and Wages	208,900	215,900	215,386	514	
Other Expenses	60,550	60,550	58,456	2,094	
Financial Administration:					
Salaries and Wages	365,400	365,400	346,108	19,292	
Other Expenses	161,600	161,600	153,346	8,254	
Assessment of Taxes:					
Salaries and Wages	227,000	228,500	227,842	658	
Other Expenses	31,400	31,400	27,015	4,385	
Collection of Taxes:					
Salaries and Wages	112,900	152,900	148,022	4,878	
Other Expenses	36,500	36,500	32,310	4,190	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Legal Services and Cost:					
Other Expenses	242,100	292,100	238,150	53,950	
Engineering Services and Costs:					
Salaries and Wages	479,610	484,610	481,391	3,219	
Other Expenses	13,740	13,740	6,722	7,018	
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					
Planning Board:					
Other Expenses	34,900	34,900	15,558	19,342	
Zoning Board of Adjustment:					
Other Expenses	35,500	35,500	27,123	8,377	
Insurance:					
Self Insurance Program					
Liability Insurance (N.J.S.A. 40:10-12)	625,000	675,000	670,167	4,833	
Workers Compensation Insurance (N.J.S.A. 40:10-12)	600,000	650,000	480,407	169,593	
Group Insurance Plan for Employee's:					
Health Insurance	5,836,000	5,552,500	4,176,627	1,375,873	
Other Insurance Premiums	131,200	131,200	112,584	18,616	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3)	90,000	130,000	130,000		

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public Safety:					
Police:					
Salaries and Wages	9,620,000	9,535,000	9,147,514	387,486	
Other Expenses	537,500	567,500	559,873	7,627	
Police Dispatch:					
Salaries and Wages	442,200	437,200	409,477	27,723	
Emergency Management:					
Salaries and Wages	28,000	28,000	27,538	462	
Other Expenses	146,000	146,000	145,802	198	
Fire:					
Salaries and Wages	17,000	17,000	12,141	4,859	
Other Expenses	239,200	239,200	231,544	7,656	
Ambulance:					
Other Expenses	116,850	116,850	113,942	2,908	
Uniform Fire Safety Act: (P.L. 1983 Chap. 383)					
Salaries and Wages	235,000	215,000	167,850	47,150	
Other Expenses	35,150	35,150	12,148	23,002	
Municipal Prosecutor:					
Salaries and Wages	21,000	21,000	20,900	100	
Municipal Court					
Salaries and Wages	272,500	283,500	279,856	3,644	
Other Expenses	28,750	28,750	25,647	3,103	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public Works:					
Road Repairs and Maintenance:					
Salaries and Wages	758,000	758,000	705,239	52,761	
Other Expenses	115,500	132,000	128,377	3,623	
Shade Tree:					
Salaries and Wages	279,100	276,600	270,721	5,879	
Other Expenses	156,900	156,900	148,422	8,478	
Electrical Services:					
Salaries and Wages	83,200	83,200	74,931	8,269	
Other Expenses	13,250	16,250	11,602	4,648	
Public Buildings and Grounds:					
Salaries and Wages	113,500	116,500	111,827	4,673	
Other Expenses	310,250	310,250	308,940	1,310	
Maintenance Garage:					
Salaries and Wages	283,400	289,400	288,744	656	
Other Expenses	203,650	203,650	201,253	2,397	
Community Services Act:					
Other Expenses	15,000	15,000	4,730	10,270	
Administration of Public Works:					
Salaries and Wages	210,600	210,600	208,239	2,361	
Other Expenses	133,820	133,820	94,369	39,451	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Sanitation:					
Sewer System:					
Salaries and Wages	436,600	441,600	436,110	5,490	
Other Expenses	166,800	176,800	163,691	13,109	
Recycling:					
Salaries and Wages	345,500	350,500	346,037	4,463	
Other Expenses	850,300	850,300	828,880	21,420	
Health and Human Services:					
Health Department:					
Salaries and Wages	391,000	391,000	380,421	10,579	
Other Expenses	67,050	67,050	47,870	19,180	
Administration of Social Services:					
Salaries and Wages	60,000	53,000	48,334	4,666	
Other Expenses	1,700	1,700	1,659	41	
Mental Health Program (N.J.S.A. 40:5-9):					
Contractual	12,200	12,200	12,200		
Animal Control					
Other Expenses	54,000	54,000	52,477	1,523	
Recreation and Parks:					
Recreation:					
Salaries and Wages	1,298,400	1,311,400	1,303,029	8,371	
Other Expenses	154,832	168,332	167,670	662	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Parks and Playgrounds:					
Salaries and Wages	595,000	645,000	636,174	8,826	
Other Expenses	98,100	106,600	106,466	134	
Celebration of Public Events:					
Other Expenses	62,000	67,000	63,297	3,703	
Veterans' Service Bureau:					
Other Expenses	8,300	8,300	7,941	359	
Unclassified:					
Terminal Leave:					
Salaries and Wages	113,000	118,000	117,865	135	
Salaries and Wages Adjustment	59,000				
Postage:					
Other Expenses	68,000	68,000	67,856	144	
Utility Expenses and Bulk Purchases					
Electricity	510,000	510,000	463,308	46,692	
Heating Oil	10,000	10,000	8,795	1,205	
Gas	90,000	90,000	79,178	10,822	
Gasoline	175,000	220,000	211,309	8,691	
Street Lighting	350,000	350,000	316,531	33,469	
Telephone, Internet & Communication Lines	265,000	276,000	267,169	8,831	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Landfill and Solid Waste Disposal Costs					
Garbage and Trash Removal:					
Contractual	860,000	840,000	839,371	629	
Other Expenses	1,135,000	1,135,000	1,088,577	46,423	
Uniform Construction Code:					
Construction Code Official:					
Salaries and Wages	930,800	896,800	849,423	47,377	
Other Expenses	11,750	11,750	10,102	1,648	
Public Defender					
Salaries and Wages	6,700	9,200	8,600	600	
Total Operations within "CAPS"	33,748,102	33,748,102	31,034,618	2,713,484	
B. Contingent	1,000	1,000		1,000	
Total Operations Including Contingent-within "CAPS"	33,749,102	33,749,102	31,034,618	2,714,484	
Detail:					
Salaries & Wages	18,512,410	18,462,910	17,793,216	669,694	
Other Expenses (Including Contingent)	15,236,692	15,286,192	13,241,402	2,044,790	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
(1) DEFERRED CHARGES					
Prior Years Bills	1,100	1,100	1,100		
(2) STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	1,392,569	1,392,569	1,392,569		
Social Security System (O.A.S.I.)	1,000,000	1,000,000	815,351	184,649	
Consolidated Police and Firemen's Pension	10,000	10,000	175	9,825	
Police and Firemen's Retirement System of N.J.	1,879,127	1,879,127	1,879,127		
DCRP	17,850	17,850	14,881	2,969	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	<u>4,300,646</u>	<u>4,300,646</u>	<u>4,103,203</u>	<u>197,443</u>	
Total General Appropriations for Municipal Purposes within "CAPS"	<u>38,049,748</u>	<u>38,049,748</u>	<u>35,137,821</u>	<u>2,911,927</u>	
Passaic Valley Sewer Commission:					
Share of Costs	1,800,000	1,800,000	1,743,933	56,067	
Maintenance of Free Public Library					
Salaries and Wages	1,321,300	1,321,300	1,291,987	29,313	
Other Expenses	636,837	634,337	551,725	82,612	



## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2018

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
LOSAP Program					
Contribution	90,000	90,000	79,048	10,952	
Health Benefits	475,000	477,500	475,000	2,500	
Recycling Tax Appropriation	40,500	40,500	37,774	2,726	
Total Other Operations - Excluded from "CAPS"	4,363,637	4,363,637	4,179,467	184,170	
Public and Private Programs Offset by Revenues					
Municipal Alliance Against Alcohol and Drug Abuse Other Expenses	15,279	15,279	15,279		
Matching Funds for Grants:					
Municipal Alliance Against Alcohol and Drug Abuse	3,819	3,819	3,819		
Clean Communities Grant (N.J.S.A. 13:1e-99.2)	55,799	55,799	55,799		
Matching Funds for Grants:	6,181	6,181	6,181		
Total Public and Private Programs Offset by Revenues	81,078	81,078	81,078		
Total Operations-Excluded from "CAPS"	4,444,715	4,444,715	4,260,545	184,170	
Detail:					
Salaries and Wages	1,321,300	1,321,300	1,291,987	29,313	
Other Expenses	3,123,415	3,123,415	2,968,558	154,857	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2018

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	195,000	195,000	195,000		
Acquisition of Equipment	235,000	235,000	234,790	210	
Total Capital Improvements Excluded from "CAPS"	430,000	430,000	429,790	210	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	2,050,000	2,050,000	2,030,000		20,000
Payment of Note Principal	165,000	165,000			165,000
Interest on Bonds	600,000	600,000	544,736		55,264
Interest on Notes	75,000	75,000	55,560		19,440
Bergen County Improvement Authority					
Payment of Bond Principal	420,000	420,000	420,000		
Interest on Bonds	390,000	390,000	369,215		20,785
Total Municipal Debt Service-Excluded from "CAPS"	3,700,000	3,700,000	3,419,511		280,489
Total General Appropriations for					
Municipal Purposes Excluded from "CAPS"	8,574,715	8,574,715	8,109,846	184,380	280,489
Subtotal General Appropriations	46,624,463	46,624,463	43,247,667	3,096,307	280,489

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2018

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Reserve for Uncollected Taxes	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,300,000</u>		
Total General Appropriations	\$ <u>49,924,463</u>	<u>49,924,463</u>	<u>46,547,667</u>	<u>3,096,307</u>	<u>280,489</u>
Adopted Budget \$		49,853,385			
Appropriation by 40:A4-87		<u>71,078</u>			
	\$	<u>49,924,463</u>			
Reserve for Uncollected Taxes \$			3,300,000		
Federal and State Grants			81,078		
Encumbrances			1,484,180		
Cash			<u>41,682,409</u>		
	\$		<u>46,547,667</u>		

See accompanying notes to the financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Animal Trust Fund:			
Cash	B-1	<u>135,580</u>	<u>107,584</u>
Other Trust Funds:			
Cash	B-1	<u>1,430,163</u>	<u>1,573,185</u>
Unemployment Compensation Insurance Trust Fund:			
Cash	B-1	<u>476,748</u>	<u>369,940</u>
Self-Insurance Trust Fund:			
Cash	B-1	<u>10,039,267</u>	<u>9,014,451</u>
Council on Affordable Housing Trust			
Cash	B-1	<u>208,949</u>	<u>92,785</u>
Free Public Library Trust Fund:			
Cash	B-1	<u>116,634</u>	<u>114,613</u>
Cafeteria Plan Trust Fund:			
Cash	B-1	<u>28,551</u>	<u>25,210</u>
Veteran's Affairs			
Cash	B-1	<u>23,010</u>	<u>24,451</u>
Open Space			
Cash	B-1	<u>1,733,389</u>	<u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets (Cont...)</u>			
Snow Removal			
Cash	B-1	<u>644,757</u>	<u></u>
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Cash in Plan	B-1	1,372,316	1,452,406
Service Award Contributions Receivable	B-18	<u>86,629</u>	<u>79,048</u>
		<u>1,458,945</u>	<u>1,531,454</u>
	\$	<u>16,295,993</u>	<u>12,853,673</u>

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Animal Trust Fund:			
Prepaid Licenses	B-2	5,844	1,684
Animal Trap Deposits	B-3	7,840	7,840
Due to State of New Jersey	B-4	574	176
Interfund Accounts Payable	B-5	75,416	51,479
Reserve for Animal Trust Fund Expenditures	B-9	45,906	46,405
		<u>135,580</u>	<u>107,584</u>
Other Trust Fund:			
Due to State of New Jersey	B-4	905	730
Interfund Accounts Payable	B-5	12,857	6,008
Sundry Reserve and Deposits	B-6	496,227	585,579
Escrow Reserves and Deposits	B-7	541,203	638,994
Donation Reserves and Deposits	B-8	378,971	341,874
		<u>1,430,163</u>	<u>1,573,185</u>
Unemployment Compensation Insurance Trust Fund:			
Due to State of New Jersey	B-4	894	
Interfund Accounts Payable	B-5	3,024	935
Reserve for Unemployment Compensation Insurance Expenditures	B-10	472,830	369,005
		<u>476,748</u>	<u>369,940</u>
Self-Insurance Trust Fund:			
Interfund Accounts Payable	B-5	539,225	494,972
Reserve for:			
Worker's Compensation Expenditures	B-11	2,105,548	1,602,514
Liability Insurance Expenditures	B-12	3,115,591	2,639,163
Health Benefits Plan	B-13	4,278,903	4,277,802
		<u>10,039,267</u>	<u>9,014,451</u>
Council on Affordable Housing Trust			
Reserve for Expenditures	B-14	208,949	92,785
		<u>208,949</u>	<u>92,785</u>

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Liabilities, Reserves &amp; Fund Balance (Cont...)</u>			
Free Public Library Trust Fund:			
Reserve for Library Trust Expenditures	B-15	24,163	22,142
Reserve for Restricted Trust Expenditures	B-16	<u>92,471</u>	<u>92,471</u>
		<u>116,634</u>	<u>114,613</u>
Cafeteria Plan Trust Fund:			
Interfund Accounts Payable	B-5	594	485
Reserve for Cafeteria Plan Expenditures	B-17	<u>27,957</u>	<u>24,725</u>
		<u>28,551</u>	<u>25,210</u>
Veteran's Affairs Trust Fund:			
Interfund Accounts Payable	B-5	139	33
Reserve for Veteran's Affairs Expenditures	B-20	<u>22,871</u>	<u>24,418</u>
		<u>23,010</u>	<u>24,451</u>
Open Space Trust Fund:			
Reserve for Open Space	B-21	<u>1,733,389</u>	
Snow Removal Trust Fund:			
Reserve for Snow Removal	B-22	<u>644,757</u>	
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Net Assets Available for Benefits	B-19	<u>1,458,945</u>	<u>1,531,454</u>
		<u>\$ 16,295,993</u>	<u>12,853,673</u>

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31, 2018 and 2017

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 6,106,428	5,170,398
Grants Receivable:			
State and County Grants	C-4	878,750	650,668
Local Grants	C-5	2,204	5,504
Federal and State Grants	C-6	1,086,051	1,315,510
Deferred Charges to Future Taxation:			
Funded	C-7	28,116,000	30,566,000
Unfunded	C-8	13,228,803	9,752,803
		<u>\$ 49,418,236</u>	<u>47,460,883</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-9	\$ 19,251,000	21,281,000
Capital Leases Payable	C-10	8,865,000	9,285,000
Bond Anticipation Notes Payable	C-11	8,690,000	5,065,000
Special Reserves	C-12	64,922	64,922
Improvement Authorizations:			
Funded	C-13	2,012,787	2,168,442
Unfunded	C-13	4,920,473	4,047,357
Encumbrances Payable	C-14	1,861,725	1,938,716
Reserve for Unappropriated State Grant	C-15	15,464	15,464
Capital Improvement Fund	C-16	215,239	204,239
Interfunds Payable	C-17	1,951,202	1,922,199
Reserve for Grants Receivable	C-18	18,243	18,243
Fund Balance	C-1	1,552,181	1,450,301
		<u>\$ 49,418,236</u>	<u>47,460,883</u>

There were \$4,538,803 and \$4,687,803 of Bonds and Notes Authorized But Not Issued on December 31, 2018 and 2017 respectively (Exhibit C-19).

See accompanying notes to the financial statements.



## BOROUGH OF FAIR LAWN, N.J.

## Comparative Statement of Changes in Fund Balance - Regulatory Basis

## General Capital Fund

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Balance - December 31,	\$ 1,450,301	1,438,545
Increased by:		
Premium on Sale of Notes	89,955	3,698
Bond Sale Closing Proceeds		8,058
Cancelled Improvement Authorizations	<u>36,292</u>	
	<u>126,247</u>	<u>11,756</u>
	<u>1,576,548</u>	<u>1,450,301</u>
Decreased by:		
Cancelled Receivables	<u>24,367</u>	
Balance - December 31,	<u><u>\$ 1,552,181</u></u>	<u><u>1,450,301</u></u>

See accompanying notes to the financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Water Utility Fund

December 31, 2018 and 2017

<u>Assets</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ <u>8,332,603</u>	<u>6,303,987</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	476,009	596,545
Inventory - Materials and Supplies	D-9	<u>120,662</u>	<u>95,864</u>
		<u>596,671</u>	<u>692,409</u>
Interfund Accounts Receivable	D-7	<u>439,635</u>	<u>442,913</u>
Total Water Utility Operating Fund		<u>9,368,909</u>	<u>7,439,309</u>
Capital Fund:			
Cash - Treasurer	D-5,D-6	3,934,353	3,436,019
Fixed Capital	D-10	17,630,815	17,630,815
Fixed Capital Authorized and Uncompleted	D-11	<u>9,048,900</u>	<u>6,378,900</u>
Total Capital Fund		<u>30,614,068</u>	<u>27,445,734</u>
		<u>\$ 39,982,977</u>	<u>34,885,043</u>

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Water Utility Fund

December 31, 2018 and 2017

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-12	\$ 233,902	570,145
Reserve for Encumbrances	D-4	314,254	454,254
Interfunds Accounts Payable	D-7	2,830,200	
Water Rent Overpayments	D-13	13,596	13,968
Accrued Interest on Bonds	D-14	46,012	46,012
		<u>3,437,964</u>	<u>1,084,379</u>
Reserve for Receivables	Contra	596,671	692,409
Fund Balance	D-1	<u>5,334,274</u>	<u>5,662,521</u>
Total Water Utility Operating Fund		<u>9,368,909</u>	<u>7,439,309</u>
Capital Fund:			
Encumbrance Payable	D-15	666,080	304,060
Interfund Accounts Payable	D-17	3,184,945	3,168,423
Serial Bonds Payable	D-21	5,454,000	5,869,000
Bond Anticipation notes payable	D-22	1,300,000	
Improvement Authorization:			
Funded	D-16	492,249	825,252
Unfunded	D-16	2,327,554	1,013,484
Capital Improvement Fund	D-18	25,730	24,730
Reserve for:			
Amortization	D-19	16,428,998	15,653,715
Deferred Amortization	D-20	542,028	408,028
Fund Balance	D-2	<u>192,484</u>	<u>179,042</u>
Total Capital Fund		<u>30,614,068</u>	<u>27,445,734</u>
		<u>\$ 39,982,977</u>	<u>34,885,043</u>

There were \$2,954,689 and \$2,078,972 of Bonds and Notes Authorized But Not Issued on December 31, 2018 and 2017 respectively (Exhibit D-23).

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

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

## Water Utility Operating Fund

For the Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenue and Other Income:		
Fund Balance Utilized	\$ 1,351,583	575,600
Water Rents	6,209,657	6,360,523
Miscellaneous Revenue	140,535	63,588
Cancelled Accounts Payable		61,089
Unexpended Balance of Appropriation Reserves	<u>598,064</u>	<u>557,711</u>
Total Revenue and Other Income	<u>8,299,839</u>	<u>7,618,511</u>
Expenditures:		
Operating	5,912,800	5,887,600
Capital Improvements	292,000	89,500
Debt Service	546,420	540,000
Deferred Charges and Statutory Expenditures	<u>525,283</u>	<u>145,000</u>
Total Expenditures	<u>7,276,503</u>	<u>6,662,100</u>
Statutory Excess to Surplus	1,023,336	956,411
Fund Balance, January 1	<u>5,662,521</u>	<u>5,281,710</u>
	6,685,857	6,238,121
Decreased by:		
Utilization by Water Operating Budget	<u>1,351,583</u>	<u>575,600</u>
Balance, December 31	<u>\$ 5,334,274</u>	<u>5,662,521</u>

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Schedule of Fund Balance - Regulatory Basis

## Water Utility Capital Fund

For the Years Ended December 31,

	<u>2018</u>	<u>2017</u>
Balance, December 31, 2017	\$ 179,042	\$ 179,042
Increased by:		
Premium on Bond Anticipation Note	<u>13,442</u>	<u>          </u>
Balance, December 31, 2018	\$ <u>192,484</u>	\$ <u>179,042</u>

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Statement of Revenues - Regulatory Basis

## Water Utility Operating Fund

Year ended December 31, 2018

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 1,351,583	1,351,583	
Rents	6,060,000	6,209,657	149,657
Miscellaneous	26,500	140,535	114,035
	<u>\$ 7,438,083</u>	<u>7,701,775</u>	<u>263,692</u>

Analysis of Realized Revenue

Rents	\$ 6,209,339
Overpayments Applied	<u>318</u>
	<u>6,209,657</u>
Interest on Investments	107,476
Due from Water Capital - Interest on Investments	16,522
Meter Installations	11,285
Other Miscellaneous	<u>5,252</u>
	<u>140,535</u>
	<u>\$ 6,350,192</u>

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Water Utility Operating Fund

Year ended December 31, 2018

	Appropriations				
	Budget	Budget after Modifi- cation	Paid or charged	Reserved	Cancelled
Operating:					
Salaries and Wages	\$ 2,234,400	2,209,400	2,129,956	24,444	55,000
Other Expenses	3,645,600	3,758,400	3,556,908	201,492	
Total Operating	5,880,000	5,967,800	5,686,864	225,936	55,000
Capital Improvements:					
Capital Improvement Fund	135,000	135,000	135,000		
Capital Outlay	250,000	250,000	156,459	541	93,000
Total Capital Improvements	385,000	385,000	291,459	541	93,000
Debt Service:					
Payment of Bond Principal	420,000	420,000	415,000		5,000
Interest on Bonds	135,000	140,000	131,420		8,580
Total Debt Service	555,000	560,000	546,420		13,580
Deferred Charges and Statutory Expenditures:					
Deferred Charges -					
Salary and Wage Adjustment	112,800				
Finance Various Ordinances	360,283	360,283	360,283		
Statutory Expenditures - Contribution to:					
Social Security System (O.A.S.I.)	145,000	165,000	157,575	7,425	
Total Deferred Charges and Statutory Expenditures	618,083	525,283	517,858	7,425	
	\$ 7,438,083	7,438,083	7,042,601	233,902	161,580
			Cash Disbursed \$ 6,596,927		
			Reserve for Encumbrances 314,254		
			Accrued Interest on Bonds 131,420		
			\$ 7,042,601		

See accompanying notes to financial statements.

**BOROUGH OF FAIR LAWN, N.J.**

**Comparative Statement of General Fixed Assets - Regulatory Basis**

**December 31, 2018 and 2017**

	<u>2018</u>	Restated <u>2017</u>
<u>General Fixed Assets:</u>		
Land	\$ 87,660,900	87,660,900
Buildings	18,314,600	18,314,600
Machinery and Equipment	<u>18,142,273</u>	<u>17,046,594</u>
	\$ <u>124,117,773</u>	<u>123,022,094</u>
 Investment in Fixed Assets	 \$ <u>124,117,773</u>	 <u>123,022,094</u>

See accompanying notes to financial statements.



**Exhibit F****BOROUGH OF FAIR LAWN, N.J.****Comparative Statement of Net Payroll and Withholdings Payable****December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash		
Net Payroll	\$ <u>13,393</u>	<u>12,306</u>
	\$ <u><u>13,393</u></u>	<u><u>12,306</u></u>
 <u>Liabilities:</u>		
Withholdings	\$ 1,316	1,388
Due to Current Fund	<u>12,077</u>	<u>10,918</u>
	\$ <u><u>13,393</u></u>	<u><u>12,306</u></u>

See accompanying notes to financial statements.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

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

**A. Reporting Entity**

The Borough of Fair Lawn (the "Fair Lawn") is organized as a Council-Manager municipality under the provisions of N.J.S.40:69A-81 et seq. The Borough is "governed by an elected Council and by an appointed Municipal Manager and by such other officers and employees as may be duly appointed. The Council shall consist of five members elected at large by voters of the municipality and shall serve for a term of four years beginning on the first day of January next following their election and that the Mayor shall be elected by the members of the Council".

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

However, the municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements. The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer fire department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

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

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

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

The Borough has the following funds and account group:

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

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. The Division regulates the accounting for these funds.

Animal Trust Fund - This fund is used to account for fees collected from the 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 also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposit and deposited funds with the Borough as collateral.

Unemployment Compensation Trust Fund - This fund is used to account for all unemployment compensation receipts and disbursements.

Self Insurance Trust Fund - This fund is used to account for worker's compensation and property and general liability claims and premiums.

Council on Affordable Housing Trust - This fund is used for the activities of the Council on Affordable Housing.

Library Trust Fund - This fund is used to account for the activities of the Library.

Cafeteria Trust Fund - This fund is used to account for net payroll and payroll withholdings payable to other agencies.

Veteran's Affairs Trust Fund - This fund is used to receive amounts to pay for the expenditures of Fair Lawn Veterans in need.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

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

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

Open Space Trust Fund - This fund is used to account for dedicated municipal funds resulting from the Open Space taxes.

Snow Removal Trust Fund - This fund is used to address the expected costs of storms incurred by the Borough including, but not limited to, snow, ice and debris removal in accordance with N.J.S.A. 40A:4-62.1

Emergency Services Volunteer Length of Service Award Plan (LOSAP) Trust Fund - This fund is used to account for the cumulative amount of each participant's length of service awards, including any income, gains, losses or increases or decreases in market value attributable to the investment of the participant's length of service awards.

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

Water Utility Operating Fund – This fund is used to account for all revenues and expenditures applicable to the operations of the water department.

Water Utility Capital Fund – This fund is used to account for financial resources to be used for the acquisition or improvement of water capital facilities. The major resources are derived from the issuance of debt.

Payroll Account – This account is used for all net payroll checks distributed to employees.

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

Basis of Accounting

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

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

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11<sup>th</sup> day of the 11<sup>th</sup> month of the current 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 tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund and Water Utility Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

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

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

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

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

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

General Capital Fund  
Trust Fund  
Water Utility Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the years ended December 31, 2018 and 2017, the Governing Body approved additional revenues and appropriations of \$71,078 and \$62,132, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the Governing Body in 2018 and 2017.

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

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

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

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

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

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

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

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

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

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

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

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

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

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

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

Fixed assets acquired by the Water Utility Fund are capitalized as Fixed Capital and not depreciated.

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

No depreciation has been provided for in the financial statements.

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

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

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

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

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



**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

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

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

Recent Accounting Pronouncements

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

For the year ended December 31, 2018, the Borough adopted Government Accounting Standards Board GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. As a result of adopting this Statement, the Borough was required to measure and disclose liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to their post-employment benefits other than pensions. As a result of the regulatory basis of accounting previously described in Note 1, the implementation of this Statement only required financial statement disclosure. There exists no impact on the financial statements of the Borough.

C. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

**NOTE 2. PENSION PLANS**

Description of Plans:

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

*Public Employees' Retirement System (PERS)*

Plan Description

The State of New Jersey Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the "Division"). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

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

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

Service retirement benefits of  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of  $1/60^{\text{th}}$  of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

*Police and Firemens' Retirement System (PFRS)*

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the "Division"). For additional information about the PFRS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

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

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

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

Defined Contribution Retirement Program

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

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

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

Contribution Requirements

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

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2018	\$1,392,569	\$1,879,127	\$14,881
2017	1,373,558	1,788,059	9,172
2016	1,327,034	1,644,600	7,584

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

**Contribution Requirements, (continued)**

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

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

**Public Employees Retirement System (PERS)**

At December 31, 2018, the Borough had a liability of \$28,099,433 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Borough's proportion was 0.14271277 percent, which was an increase/(decrease) of (.0070103712) percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Borough recognized pension expense of \$1,392,569. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$535,860	\$144,890
Changes of assumptions	4,630,321	8,984,705
Net difference between projected and actual earnings on pension plan investments		263,574
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	281,323	1,946,103
Borough contributions subsequent to the measurement date	<u>1,422,030</u>	
Total	<u>\$6,869,534</u>	<u>\$11,339,272</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

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

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

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:

2019	\$195,025
2020	(270,014)
2021	(1,936,221)
2022	(1,678,347)
2023	(537,429)

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$4,684,852,302	\$6,424,455,842
Collective deferred inflows of resources	7,646,736,226	5,700,625,981
Collective net pension liability	19,689,501,539	23,278,401,588
Borough's Proportion	0.142712771%	0.1497231412%

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

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

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

**Actuarial Assumptions**

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**Mortality Rates**

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

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

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

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%



**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
Borough's proportionate share of the pension liability	35,331,799	28,099,433	22,031,940

**Pension Plan Fiduciary Net Position**

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

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

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

At December 31, 2018, the Borough had a liability of \$28,713,181 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the Borough's proportion was 0.2121927744 percent, which was an increase/(decrease of (0.000133532) percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the Borough recognized pension expense of \$1,879,127. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$292,119	\$118,822
Changes of assumptions	2,464,640	7,358,692
Net difference between projected and actual earnings on pension plan investments		157,087
Changes in proportion and differences between Borough contributions and proportionate share of contributions	1,401,662	700,274
Borough's contributions subsequent to the measurement date	<u>2,074,497</u>	<u>                    </u>
Total	<u>\$6,232,918</u>	<u>\$8,334,875</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$246,937
2020	(832,411)
2021	(2,328,780)
2022	(1,494,917)
2023	(468,671)

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

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

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

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.73, 5.59, 5.58, 5.53 and 6.17 years for 2018, 2017, 2016, 2015 and 2014 amounts respectively.

**Additional Information**

Local Group Collective balances at June 30, 2018 and June 30, 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Collective deferred outflows of resources	\$1,988,215,695	\$2,941,952,753
Collective deferred inflows of resources	4,286,994,294	3,262,432,093
Collective net pension liability	13,531,648,591	17,167,260,198
Borough's Proportion	0.2121927744%	0.2123263061%

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases:	
Through 2026	2.10-8.98 Percent (based on age)
Thereafter	3.10-9.98 Percent (based on age)
Investment Rate of Return	7.00 Percent

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

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

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

**Mortality Rates**

Preretirement mortality rates were based on the RP-2000 Combined Healthy Mortality tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scale thereafter. For preretirement accidental mortality, a custom table with representative rates was used and there is no mortality improvement assumed. Post-retirement mortality rates for male service retirements are based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis using Projection Scale AA from the base year of 2012 to 2013 and the Conduent modified 2014 projection scale thereafter. Postretirement mortality rates for female service retirements and beneficiaries were based on the RP-2000 Combined Healthy Mortality Tables projected on a generational basis from the base year of 2000 to 2013 using Projection Scale BB and the Conduent modified 2014 projection scales thereafter. Disability mortality rates were based on a custom table with representative rates and no mortality improvement assumed.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2018 are summarized in the following table:

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**Discount Rate**

The discount rate used to measure the total pension liability was 6.51% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

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

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>5.51%</u>	At Current Discount Rate <u>6.51%</u>	1% Increase <u>7.51%</u>
Borough's proportionate share of the pension liability	\$39,748,766	\$28,713,180	\$19,610,832

**Special Funding Situation - PFRS**

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 2. PENSION PLANS, (continued)**

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

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

At December 31, 2018 and 2017, the State proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$3,900,211 and \$3,671,533, respectively. For the years ended December 31, 2018 and 2017, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$461,974 and \$449,111, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$230,987 and \$183,592, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

**Pension Plan Fiduciary Net Position**

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

**NOTE 3. MUNICIPAL DEBT**

Long-term debt as of December 31, 2018 and 2017 consisted of the following:

	Balance Dec. 31 2017	Additions	Reductions	Balance Dec. 31, 2018	Amounts Due Within One Year
<b>Bonds Payable:</b>					
General Obligation Debt	\$21,281,000	\$	\$2,030,000	\$19,251,000	\$1,920,000
Water Utility Obligation Debt	<u>5,869,000</u>		<u>415,000</u>	<u>5,454,000</u>	<u>425,000</u>
Total Bonds Payable	<u>27,150,000</u>		<u>2,445,000</u>	<u>24,705,000</u>	<u>2,345,000</u>
<b>Other Liabilities:</b>					
Capital Leases Payable	9,285,000		420,000	8,865,000	435,000
Compensated Absences Payable	<u>1,998,508</u>	<u>21,040</u>	<u>238,001</u>	<u>1,781,547</u>	
Total Other Liabilities	<u>11,283,508</u>	<u>21,040</u>	<u>658,001</u>	<u>10,646,547</u>	<u>435,000</u>
	<u>\$38,433,508</u>	<u>\$21,040</u>	<u>\$3,103,001</u>	<u>\$35,351,547</u>	<u>\$2,780,000</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

	Balance <u>Dec. 31 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>Dec. 31, 2017</u>	Amounts Due Within <u>One Year</u>
Bonds Payable:					
General Obligation Debt	\$23,400,000	\$5,801,000	\$7,920,000	\$21,281,000	\$2,030,000
Water Utility Obligation Debt	<u>6,265,000</u>	<u>404,000</u>	<u>800,000</u>	<u>5,869,000</u>	<u>415,000</u>
Total Bonds Payable	<u>29,665,000</u>	<u>6,205,000</u>	<u>8,720,000</u>	<u>27,150,000</u>	<u>2,445,000</u>
Other Liabilities:					
Capital Leases Payable	9,700,000		415,000	9,285,000	420,000
Compensated Absences Payable	<u>2,269,507</u>		<u>270,999</u>	<u>1,998,508</u>	
Total Other Liabilities	<u>11,969,507</u>	<u>0</u>	<u>685,999</u>	<u>11,283,508</u>	<u>420,000</u>
	<u>\$41,634,507</u>	<u>\$6,205,000</u>	<u>\$9,405,999</u>	<u>\$38,433,508</u>	<u>\$2,865,000</u>

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

The Borough's debt is summarized as follows:

**Summary of Municipal Debt (Excluding Current Operating Debt)**

	<u>Year 2018</u>	<u>Year 2017</u>	<u>Year 2016</u>
<u>Issued:</u>			
General Bonds, Notes and Loans	\$27,941,000	\$26,346,000	\$28,465,000
Water Utility - Bonds and Notes	<u>6,754,000</u>	<u>5,869,000</u>	<u>6,265,000</u>
	<u>34,695,000</u>	<u>32,215,000</u>	<u>34,730,000</u>
<u>Authorized But Not Issued:</u>			
General Bonds and Notes	4,538,803	4,687,803	264,803
Water Utility - Bonds and Notes	<u>2,954,689</u>	<u>2,078,971</u>	<u>364,972</u>
	<u>7,493,492</u>	<u>6,766,774</u>	<u>629,775</u>
Total Bonds, Notes and Loans Issued and Authorized Not issued	42,188,492	38,981,774	35,359,775
Less deductions	<u>9,744,621</u>	<u>7,983,903</u>	<u>6,665,904</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$32,443,871</u>	<u>\$30,997,871</u>	<u>\$28,693,871</u>



**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .00758% for 2018.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$47,852,000	\$47,852,000	\$0
Water Utility Debt	9,708,689	9,708,689	0
General Debt	<u>32,479,803</u>	<u>35,932</u>	<u>32,443,871</u>
	<u>\$90,040,492</u>	<u>\$57,596,621</u>	<u>\$32,443,871</u>

Net debt of \$32,443,871 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$4,281,251,515 equals .00758% for 2018.

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .649% for 2017.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$24,237,000	\$24,237,000	\$0
Water Utility Debt	7,947,971	7,947,971	0
General Debt	<u>31,033,803</u>	<u>35,932</u>	<u>30,997,871</u>
	<u>\$63,218,774</u>	<u>\$32,220,903</u>	<u>\$30,997,871</u>

Net debt of \$30,997,871 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$4,772,998,862 equals .649% for 2017.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

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

	<u>2018</u>	<u>2017</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$149,843,803	\$167,054,960
Net Debt	<u>32,443,871</u>	<u>30,997,871</u>
Remaining Borrowing Power	<u>\$117,399,932</u>	<u>\$136,057,089</u>

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S.A. 40A:2-45

	<u>2018</u>	<u>2017</u>
Cash receipts from fees, rents or other charges for year	<u>\$7,701,775</u>	<u>\$6,999,711</u>
Deductions:		
Operating and Maintenance Cost	6,077,800	6,032,600
Debt Service per Water Account	<u>546,420</u>	<u>540,000</u>
Total Deductions	<u>6,624,220</u>	<u>6,572,600</u>
Excess in Revenue - "Self Liquidating"	<u>\$1,077,555</u>	<u>\$427,111</u>

The Borough's long-term debt consisted of the following at December 31, 2018 and 2017:

Paid by Current Fund:

<u>General Obligation Bonds</u>	<u>2018</u>	<u>2017</u>
\$13,415,000, 2001 Bonds due in annual installments of \$550,000 to \$1,250,000 through December 2026, interest at 3.00% to 4.00%	\$1,855,000	\$2,760,000
\$13,820,000, 2016 Bonds due in annual installments of \$700,000 to \$1,295,000 through September 2030, interest at 1.00% to 2.125%	11,595,000	12,720,000
\$5,801,000, 2017 Refunding Bonds due in annual installments of \$938,000 to \$995,000 through December 2026, interest at 3.00% to 4.00%	<u>5,801,000</u>	<u>5,801,000</u>
Total General Serial Bonds	<u>19,251,000</u>	<u>21,281,000</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT, (continued)**

Paid by Water Utility Fund:

<u>Water Utility Serial Bonds</u>	<u>2018</u>	<u>2017</u>
\$2,245,000, 2010 Bonds due in annual installments of \$105,000 to \$200,000 through December 2022, interest at 3.000% to 3.500%	400,000	600,000
\$5,065,000, 2016 Bonds due in annual installments of \$200,000 to \$350,000 through September 2033, interest at 1.000% to 2.375%	4,650,000	4,865,000
\$404,000, 2017 Refunding Bonds due in installments of \$202,000 through December 2022, interest at 3.00%	<u>404,000</u>	<u>404,000</u>
Total Water Utility Bonds	<u>5,454,000</u>	<u>5,869,000</u>
Total Serial Bonds	<u>\$24,705,000</u>	<u>\$27,150,000</u>

Aggregate debt service requirements are as follows:

<u>Year</u>	<u>Total</u>	<u>General Capital</u>		<u>Water Utility Capital</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$2,961,206	\$1,920,000	\$495,086	\$425,000	\$121,120
2020	2,983,106	1,985,000	447,486	440,000	110,620
2021	2,890,419	1,938,000	396,099	457,000	99,320
2022	2,536,119	1,648,000	347,959	452,000	88,160
2023	2,317,619	1,660,000	305,519	275,000	77,100
2024-2028	10,289,494	7,530,000	810,194	1,655,000	294,300
2029-2033	<u>4,519,101</u>	<u>2,570,000</u>	<u>80,538</u>	<u>1,750,000</u>	<u>118,563</u>
	<u>\$28,497,064</u>	<u>\$19,251,000</u>	<u>\$2,882,881</u>	<u>\$5,454,000</u>	<u>\$909,183</u>

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

At December 31, 2018 the Borough had authorized but not issued debt as follows:

General Capital Fund	\$4,538,803
Water Utility Capital Fund	2,954,689

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 4. CAPITAL LEASES PAYABLE**

In 2004, the Borough authorized the execution of an agreement with the Bergen County Improvement Authority for the leasing of certain capital acquisitions for the Recreation Center Project (the "Lease Payments"). In 2012, the lease was refinanced resulting in a new payment schedule. The lease term is based on the useful bond life of each particular item. The lease payments consist of basic rent, which is comprised of principal and variable interest ranging from 1.5% to 5%. The following schedule presents the remaining lease payments at December 31, 2018:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2019	\$782,875	\$435,000	\$347,875
2020	780,475	450,000	330,475
2021	781,475	460,000	321,475
2022	782,275	470,000	312,275
2023	782,875	480,000	302,875
2024-2028	3,907,825	2,605,000	1,302,825
2029-2033	3,905,000	3,220,000	685,000
2034	<u>782,250</u>	<u>745,000</u>	<u>37,250</u>
	<u>\$12,505,050</u>	<u>\$8,865,000</u>	<u>\$3,640,050</u>

**NOTE 5. BOND ANTICIPATION NOTES**

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

As of December 31, 2018 and 2017, the Borough had \$8,690,000 and \$5,065,000, respectively, in outstanding General Capital bond anticipation notes. The Borough also had \$1,300,000 and \$-0-, respectively, in outstanding Water Utility bond anticipation notes as of December 31, 2018 and 2017.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 5. BOND ANTICIPATION NOTES, (continued)**

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2018 and 2017.

<u>2018</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes Payable:				
TD Securities	<u>\$5,065,000</u>	<u>\$8,690,000</u>	<u>\$5,065,000</u>	<u>\$8,690,000</u>
	<u>\$5,065,000</u>	<u>\$8,690,000</u>	<u>\$5,065,000</u>	<u>\$8,690,000</u>
Water and Sewer Utility Notes Payable:				
TD Securities	<u>\$</u>	<u>\$1,300,000</u>	<u>\$</u>	<u>\$1,300,000</u>
	<u>\$</u>	<u>\$1,300,000</u>	<u>\$</u>	<u>\$1,300,000</u>
	<u>\$5,065,000</u>	<u>\$9,990,000</u>	<u>\$5,065,000</u>	<u>\$9,990,000</u>
 <u>2017</u>	 <u>Beginning Balance</u>	 <u>Additions</u>	 <u>Reductions</u>	 <u>Ending Balance</u>
General Capital Notes Payable:				
Jefferies, LLC	<u>\$5,065,000</u>	<u>\$</u>	<u>\$5,065,000</u>	<u>\$</u>
TD Securities	<u>5,065,000</u>	<u>5,065,000</u>	<u>5,065,000</u>	<u>5,065,000</u>
	<u>\$5,065,000</u>	<u>\$5,065,000</u>	<u>\$5,065,000</u>	<u>\$5,065,000</u>
Water and Sewer Utility Notes Payable:				
TD Securities	<u>\$3,410,000</u>	<u>\$</u>	<u>\$3,410,000</u>	<u>\$</u>
	<u>\$3,410,000</u>	<u>\$</u>	<u>\$3,410,000</u>	<u>\$</u>
	<u>\$8,475,000</u>	<u>\$5,065,000</u>	<u>\$8,475,000</u>	<u>\$5,065,000</u>

**NOTE 6. FUND BALANCE APPROPRIATED**

The fund balances at December 31, 2018 which have been appropriated as revenue in the 2019 budgets are as follows:

Current Fund	\$4,200,000
Water Utility Operating Fund	1,550,000

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 7. ACCRUED SICK AND VACATION BENEFITS**

The Borough permits employees to accrue (with certain restrictions) unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation at December 31, 2018 and 2017 would approximate \$1,781,547 and \$1,998,508, respectively. These amounts are not reported either as an expenditure or liability. A reserve was established in prior years for purposes of paying terminal leave benefits and is reflected herein on Exhibit A-17. The reserve balance as of December 31, 2018 and 2017 was the sum of \$2,215,076 and \$2,215,076, respectively.

**NOTE 8. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2018 and 2017, \$112,366 and \$110,383 of the Borough's bank balance of \$66,258,743 and \$66,315,389, respectively, were exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

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

**Credit Risk**

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 8. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)**

**Concentration of Credit Risk**

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

**Unaudited Investments**

As more fully described in Note 14, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Variable Annuity Life Insurance Company (VALIC), which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2018 and 2017 amounted to \$1,372,316 and \$1,452,407, respectively.

The following investments represent 5% or more of the total invested with VALIC on December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Fixed Account Plus	\$119,912	\$127,694
Health Sciences Fund	88,808	91,946
Mid Cap Value Fund	75,052	90,481
Money Market I Fund	176,202	155,601
Vanguard Lifestrategy - Growth	209,421	221,148
All Others	<u>702,921</u>	<u>765,537</u>
Total	<u>\$1,372,316</u>	<u>\$1,452,407</u>

**NOTE 9. LITIGATION**

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 10. FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group for the years ended December 31, 2018 and 2017:

	Restated Balance <u>Dec. 31, 2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>Dec. 31, 2018</u>
Land	\$87,660,900			\$87,660,900
Buildings and Building Improvement	18,314,600			18,314,600
Machinery and Equipment	<u>17,046,594</u>	<u>\$1,881,784</u>	<u>\$786,105</u>	<u>18,142,273</u>
	<u>\$123,022,094</u>	<u>\$1,881,784</u>	<u>\$786,105</u>	<u>\$124,117,773</u>

	Balance <u>Dec. 31, 2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>Dec. 31, 2017</u>
Land	\$87,660,900	\$	\$	\$87,660,900
Buildings and Building Improvement	18,314,600			18,314,600
Machinery and Equipment	<u>14,984,737</u>	<u>2,277,269</u>	<u>290,571</u>	<u>16,971,435</u>
	<u>\$120,960,237</u>	<u>\$2,277,269</u>	<u>\$290,571</u>	<u>\$122,946,935</u>

**NOTE 11. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at December 31, 2018 consist of the following:

\$6,345	Due from the Federal and State Grant Fund from the Current Grant Fund for reimbursement for expenditures paid.
75,416	Due to the Current Fund from the Animal Control Trust Fund for interest earned on investments and statutory excess.
9,994	Due to the Current Fund from the Other Trust Fund for interest earned on investments.
2,640	Due to the Current Fund from the Human Services Trust Fund for interest earned on investments.
3,024	Due to the Current Fund from the Unemployment Trust Fund for interest earned on investments.
1,946,512	Due to the Current Fund from the General Capital Fund for reimbursement for expenditures paid and interest earned on investments.
2,830,200	Due to the Current Fund from the Water Utility Operating Fund for cash advanced.



**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 11. INTERFUND BALANCES AND ACTIVITY, (continued)**

15,283	Due to the Liability-Self Insurance Fund from the Current Fund for reimbursement for expenditures paid.
594	Due to the Current Fund from the Cafeteria Plan Trust Fund for interest earned on investments.
2,750,000	Due to the Current Fund from the Water Utility Capital Fund for reimbursement of expenditures paid.
495,402	Due to the Current Fund from the Workers Compensation Fund for reimbursement for expenditures and interest earned on investments.
12,077	Due to the Current Fund from the Payroll Fund for interest earned on investments and excess funds in the account.
139	Due to the Current Fund from the Veterans Affair Trust for interest earned on investments.
28,540	Due to the Current Fund from the Health Services Trust Fund for interest earned on investments.
223	Due to the Current Fund from the Developers Trust Fund for interest earned on investments.
434,945	Due to the Water Utility Operating Fund from the Water Utility Capital Fund for reimbursement of expenditures and interest earned on investments.
<u>4,690</u>	Due to the Water Utility Operating Fund from the General Capital Fund for reimbursement of expenditures.
<u>\$8,616,024</u>	

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

**NOTE 12. RISK MANAGEMENT**

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2018 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The Borough of Fair Lawn is a member of the Bergen County Joint Insurance Fund (the "Fund"). The Fund provides its' members with Liability, Property, Worker's Compensation, Public Official and Employer Liability and Environmental Insurance coverage. The Fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicle and equipment liability and worker's compensation. The coverage amounts are on file with the Borough.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 12. RISK MANAGEMENT, (continued)**

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

The funds provide its' members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members.

The Borough maintains self-insurance programs for general liability and worker's compensation for claims arising prior to coverage with the Fund with the following provision as to losses:

**Workers' Compensation:**

The Borough can pay no more than \$100,000 for any one accident or occurrence. Above that amount, insurance coverage in the Municipal Excess Liability Fund and the Bergen County Municipal Joint Fund will pay further benefits to the extent of \$9,900,000.

Processing of workers' compensation claims are administered by Bergen Risk Managers, Inc.

**General Liability:**

The Borough can pay no more than \$100,000 for any one accident or occurrence. Above that amount, insurance coverage in the Municipal Excess Liability Fund and the Bergen County Municipal Joint Fund will pay further benefits to the extent of \$9,900,000.

Processing of general liability claims are administered by Bergen Risk Managers, Inc.

Claims were tested to the extent of amount of payment. Accuracy of the claims are necessarily placed on the reliance of Borough personnel.

There has been no provisions included in the financial statements for claims incurred but not reported as of December 31, 2018.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 12. RISK MANAGEMENT, (continued)**

An audited summary of the general liability, health benefits plan, and worker's compensation fund held by the insurance agent is detailed as follows:

	<u>Workers'</u> <u>Compensation</u> <u>Trust Fund</u>	<u>Self-Insurance</u> <u>Trust Fund</u>	<u>Health</u> <u>Benefits</u> <u>Plan</u> <u>Trust Fund</u>
Balance - December 31, 2017	\$1,602,514	\$2,639,163	\$4,277,802
Receipts	1,066,929	1,122,786	1,333
Disbursements	<u>563,895</u>	<u>646,358</u>	<u>232</u>
Balance - December 31, 2018	<u>\$2,105,548</u>	<u>\$3,115,591</u>	<u>\$4,278,903</u>

	<u>Workers'</u> <u>Compensation</u> <u>Trust Fund</u>	<u>Self-Insurance</u> <u>Trust Fund</u>	<u>Health</u> <u>Benefits</u> <u>Plan</u> <u>Trust Fund</u>
Balance - December 31, 2016	\$874,995	\$2,170,239	\$4,321,863
Receipts	1,321,022	1,125,013	1,229
Disbursements	<u>593,503</u>	<u>656,089</u>	<u>45,290</u>
Balance - December 31, 2017	<u>\$1,602,514</u>	<u>\$2,639,163</u>	<u>\$4,277,802</u>

**NOTE 13. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

In addition to the pension described in Note 2, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

**General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 13. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)**

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provides they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**Total OPEB Liability**

At December 31, 2018, the Borough had a liability of \$37,062,519 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2018 the Borough's proportion was 0.23657 percent.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 13. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)**

For the year ended December 31, 2018, the Borough recognized OPEB expense of \$835,311. At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$	\$7,525,013
Changes of assumptions		9,401,393
Net difference between projected and actual earnings on OPEB plan investment	19,586	
Changes in proportion	<u>417,339</u>	<u>4,020,206</u>
Total	<u>\$436,925</u>	<u>\$20,946,612</u>

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

Year ended June 30:	\$(2,482,542)
2019	(2,482,542)
2020	(2,482,542)
2021	(2,484,611)
2022	(2,487,956)
2023	(4,486,628)
Thereafter	

**Changes in Proportion**

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 8.14 and 8.04 years for 2018 and 2017 amounts, respectively.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 13. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)**

**Actual Assumptions and Other Inputs**

The total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation rate	2.50%
Salary increases*:	
Through 2026	1.65 - 8.98%
Thereafter	2.65 - 9.98%

\* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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

**Health Care Trend Assumptions**

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 13. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)**

**Discount Rate**

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**Sensitivity of Net OPEB Liability to Changes in the Discount Rate**

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>2.87%</u>	At Current Discount Rate <u>3.87%</u>	1% Increase <u>4.87%</u>
Borough's proportionate share of Net OPEB liability	\$43,484,133	\$37,062,519	\$31,933,102

**Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:**

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage point lower or 1 percentage point higher than the current rate:

	June 30, 2018		
	1% <u>Decrease</u>	Healthcare Cost Trend Rate	1% <u>Increase</u>
Borough's proportionate share of Net OPEB liability	\$30,916,083	\$37,062,519	\$45,016,920

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 13. OTHER POST EMPLOYMENT BENEFITS (OPEB), (continued)**

**Special Funding Situation PFRS**

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under chapter 271, P.L. 1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At December 31, 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the PFRS special funding situation is \$14,432,524 and the State's proportionate share of the OPEB expense for the PFRS special funding situation is \$436,889.

**NOTE 14. TAXES COLLECTED IN ADVANCE**

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

	Balance <u>Dec 31, 2018</u>	Balance <u>Dec 31, 2017</u>
Prepaid Taxes	<u>\$750,729</u>	<u>\$8,865,667</u>
Cash Liability for Taxes Collected in Advance	<u>\$750,729</u>	<u>\$8,865,667</u>

**NOTE 15. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP) (UNAUDITED)**

On November 11, 2001, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Variable Annuity Life Insurance Company. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.



**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2018 and 2017**  
**(continued)**

**NOTE 15. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP) (UNAUDITED), (continued)**

The Variable Annuity Life Insurance Company will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plan shall provide for a fixed annual contribution of \$600 to each eligible volunteer who accumulates a minimum of 100 service points based on criteria established by Borough Ordinance No. 1817-00. In addition, the ordinance provides for service credits of \$100 per year for up to five prior years of eligible volunteer service. The amount of the LOSAP award cannot exceed \$600 annually, subject to periodic increases as permitted by N.J.A.C. 5:30-14.9. The Borough's contribution shall be included in the current years budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2018 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

**NOTE 16. SUBSEQUENT EVENTS**

The Borough has evaluated subsequent events through July 25, 2019, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

**NOTE 17. RESTATEMENT NOTE**

During 2018 the Borough's fixed asset report was updated to reflect adjustments not made prior to the issuance of the December 31, 2017 audit report. The following adjustments were made to the General Fixed Assets Account Group as of December 31, 2017:

	Balance Dec. 31, 2017	<u>Restatement</u>	Restated Balance Dec. 31, 2017
Land	\$87,660,900	\$	\$87,660,900
Buildings & Building Improvements	18,314,600		18,314,600
Machinery & Equipment	<u>16,971,435</u>	<u>75,159</u>	<u>17,046,594</u>
	<u>\$122,946,935</u>	<u>\$75,159</u>	<u>\$123,022,094</u>

## **SUPPLEMENTARY DATA**

## BOROUGH OF FAIR LAWN

### Supplementary Data

#### Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Type of bond</u>
Lisa Swain (1/1/18-5/9/18)	Mayor	
Kurt Peluso (5/15/18-12/31/18)	Mayor	
Kurt Peluso (1/1/18-5/15/18)	Deputy Mayor	
Gail Rottenstrich (5/15/18-12/31/18)	Deputy Mayor	
John Cosgrove	Deputy Mayor	
Josh Reinitz	Councilmember	
Cristina Cutrone (5/15/18-12/31/18)	Councilmember	
Gail Rottenstrich (1/1/18-5/15/18)	Councilmember	
James Van Kruiningen	Borough Manager	
Karen Palermo	Finance Officer	(A)
Marilyn B. Bojanowski	Borough Clerk	(A)
Alice Lee (1/1/18-10/31/18)	Tax Collector	(A)
Connie Graci (11/1/18-12/31/18)	Tax Collector	(A)
Jason T. Shafron	Magistrate	(A)
Claire Cabibbo	Court Administrator	(A)
Judy A Verrone, Esq. of DeCotiis, Fitzpatrick, Cole & Giblin, LLP	Borough Attorney	
Kenneth R. Garrison	Borough Engineer	
Richard Bolan	Construction Code Official	
Liz Maresca Twiggs	Registrar of Vital Statistics	
Glen Cauwels	Chief of Police	
Carol Wagner	Health Officer	
James Graff	Superintendent of Recreation	
Adele Puccio	Director of Free Public Library	

(A)- All other employees are covered by a Faithful Performance Blanket Position Bond issued under the terms of an agreement with the Municipal Excess Joint Insurance Fund in the amount of \$1,000,000 with a \$2,500 deductible. Coverage also includes \$50,000 for theft, disappearance, etc. of money with a \$2,500 deductible.

# **BOROUGH OF FAIR LAWN, N.J.**

## **Supplementary Data**

### Comparative Schedule of Tax Rate Information

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax rate	<u>3.308</u>	<u>3.226</u>	<u>3.137</u>
Apportionment of tax rate:			
Municipal	0.901	0.901	0.898
School	2.115	2.040	1.966
County	<u>0.292</u>	<u>0.285</u>	<u>0.273</u>

### Assessed Value

2018	\$ 4,211,610,740
2017	4,195,031,585
2016	4,183,946,407

### Comparison of Tax Levies and Collections 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>Collections</u>	<u>Currently</u>
			<u>Percentage of Collection</u>
2018	\$ 139,933,151	139,059,469	99.38%
2017	135,926,990	135,116,883	99.40%
2016	131,918,891	130,967,803	99.28%

### Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31</u>	<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2018	\$ 812,786	19,024	831,810	0.59%
2017	790,600	22,268	812,868	0.60%
2016	909,175	22,872	932,047	0.71%

**BOROUGH OF FAIR LAWN, N.J.**

**Supplementary data**

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2018 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by litigation 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>
2018	\$	73,260
2017		73,260
2016		73,260

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2018	\$ 17,142,124	4,200,000
	2017	15,503,666	4,000,000
	2016	13,354,795	3,650,000
	2015	11,514,407	3,650,000
	2014	8,535,076	3,500,000
Water Utility Operating Fund	2018	5,334,274	1,550,000
	2017	5,662,521	1,101,583
	2016	5,281,710	575,600
	2015	5,049,715	575,600
	2014	3,502,825	375,600

**BOROUGH OF FAIR LAWN**  
**Schedule of Expenditures of Federal Awards**  
**Year ended December 31, 2018**

Program	CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustment	MEMO Cumulative Total Expenditures
<u>Federal and State Grant Fund:</u>									
<u>Department of Environmental Protection</u>									
State Forestry Grant	10.664			2010	3,000			*	600
								*	600
<u>Department of Justice</u>									
Cops in Shops	16.727			2011	4,500			*	3,987
Cops in Shops	16.727			2012	6,173			*	1,673
Cops in Shops	16.727			2013	5,062			*	
Cops in Shops	16.727			2013	6,180			*	
Enforcing Underage Drinking Law Program	16.727			2014	3,439			*	1,773
								*	6,533
<u>U.S. Department of Law &amp; Public Safety</u>									
Public Assistance Grants								*	
Hazard Mitigation Grant Program	97.036	4086DRNJPO000001	01CPX1600179798	2013	142,080			*	
Emergency Management Program	97.042	ENM2016EP00002	01CPX1603800855	2015	7,000			*	7,000
Emergency Management Program	97.042	ENM2016EP00002	01CPX1603800855	2016	5,000			*	
								*	7,000
								*	14,133
<u>Subtotal Federal and State Grant Fund</u>								*	
<u>Current Fund:</u>									
<u>Department of Law and Public Safety</u>								*	
Severe Winter Storm & Snow Storm Quinn	97.036		066-1200-100-C27	2018	67,869	67,869		*	67,869
Severe Winter Storm & Snow Storm 1/22/16	97.036		066-1200-100-B80	2018	101,252	101,252		*	101,252
Subtotal Current Fund								*	169,121
								*	

## BOROUGH OF FAIR LAWN

## Schedule of Expenditures of Federal Awards

Year ended December 31, 2018

Program	CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Cash Received	Expenditures	Adjustment	MEMO Cumulative Total Expenditures
<b>General Capital Fund:</b>									
Department of Housing and Urban Development									
Community Development Block Grant									
Pass through County of Bergen:									
Improvement to Chandler Drive	14.218		Ordinance #2288	2013	162,000				114,897
2014 Road Resurfacing	14.218		Ordinance #2303	2014	104,000			(11,925)	104,000
Senior Center Grease Trap	14.218		Ordinance #2302	2014	20,000				17,021
Handicapped Ramps	14.218		Ordinance #2346	2015	22,530				22,530
2015 Road Resurfacing	14.218		Ordinance #2347	2015	162,530				97,925
Senior Center Hand Railings	14.218		Ordinance #2348	2015	17,530	2,954			2,954
2016 Road Resurfacing	14.218		Ordinance #2379	2016	183,900	183,900	8,799		183,900
Senior Center Room Divider	14.218		Ordinance #2380	2016	21,400		16,750		16,750
Road Resurfacing	14.218		Ordinance #2434	2017	159,395		146,552		146,552
Handicapped Curbs	14.218		Ordinance #2461	2018	39,300		25,432		25,432
Senior Center Improvements	14.218		Ordinance #2462	2018	30,175				
Roadway Improvements	14.218		Ordinance #2463	2018	112,164		108,144		108,144
						186,854	305,677	(11,925)	840,105
<b>U.S. Dept. of Transportation</b>									
National Highway Safety Pass through State of NJ									
Improvements to BWay Phase I	20.205			Ord. 2233	150,000				
Improvements to BWay Phase II	20.205			Ord. 2247	146,500				
Fair Lawn Ave Safety Corridor	20.205		2012-078-6300-480-GES	Ord. 2320	511,850	245,541			321,204
Improvement to Plaza Road	20.205		2015-078-6320-480-AL5	Ord. 2349	149,000	37,250			149,000
Improvements to 20th Street	20.205		480-078-6320-AMF-6010	Ord. 2390	155,500		5,338		122,636
Improvements to 17th Street	20.205		2018-078-6320-480-AM2	Ord. 2472	202,000	119,086	127,641		127,641
						401,877	132,979		720,501
<b>U.S. Dept. of Homeland Security</b>									
Law and Public Safety Pass through State of NJ									
Hazard Mitigation Grant	97.039		HMPG-DR-4086-NI-0136-R	Ord. 2355	250,000				201,481
Subtotal General Capital Fund						588,731	438,656	(11,925)	1,762,087
Total Federal Awards						\$ 757,852	607,777	(11,925)	1,945,341

Note: This schedule was not subject to an audit in accordance with the Uniform Guidance

## BOROUGH OF FAIR LAWN

## Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2018

	Grant Number	Grant Period	Award Amount	Cash Received	Budgetary Expenditures	Adjustments	MEMO	
							Cumulative Total	Expenditures
Federal and State Grant Fund:								
Department of Environmental Protection								
Clean Communities Program	4900-765-042-4900-004	2013	44,865				*	44,670
Clean Communities Program	4900-765-042-4900-004	2014	49,394				*	48,948
Clean Communities Program	4900-765-042-4900-004	2015	60,032				*	58,629
Clean Communities Program	4900-765-042-4900-004	2016	68,638				*	51,676
Clean Communities Program	4900-765-042-4900-004	2017	58,312		36,647		*	49,425
Clean Communities Program	4900-765-042-4900-004	2018	55,799	55,799			*	
Environmental Grant		2013	1,675				*	1,025
Granular Activated Carbon Demo Project	527-042-4840-030-3620	2007	1,200,000				*	1,094,009
Alcohol Education and Rehabilitation	4250-700-05000-063	PY	970		850		*	866
Alcohol Education and Rehabilitation	4250-700-05000-063	2006	2,576				*	884
Alcohol Education and Rehabilitation	4250-700-05000-063	2009	1,253				*	
Alcohol Education and Rehabilitation	4250-700-05000-063	2010	804				*	
Alcohol Education and Rehabilitation	4250-700-05000-063	2011	162				*	
Alcohol Education and Rehabilitation	4250-700-05000-063	2013	950				*	
Alcohol Education and Rehabilitation	4250-700-05000-063	2014	650				*	
				55,799	37,497		*	1,350,132
Department of Law & Public Safety							*	
New Jersey Highway Safety Project Grant	1160-100-066-1160-111-YHTS-6010	2011	4,400				*	
Over the Limit Under Arrest							*	



## BOROUGH OF FAIR LAWN

## Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2018

	Grant Number	Grant Period	Award Amount	Cash Received	Budgetary Expenditures	Adjustments	MEMO Cumulative Total Expenditures
Body Armor Grant	1020-718-066-1020-001	2005	73,930				* 73,930
Body Armor Grant	1020-718-066-1020-001	2009	5,196				* 5,196
Body Armor Grant	1020-718-066-1020-001	2012	5,101				*
Body Armor Grant	1020-718-066-1020-001	2014	5,223				*
Body Armor Grant	1020-718-066-1020-001	2016	5,151				*
Body Armor Grant	1020-718-066-1020-001	2017	5,300				*
Body Armor Grant	1020-718-066-1020-001	2018	5,240				*
Drunk Driving Enforcement Fund	4230-100-046-4750-241	2010	21,156				*
Drunk Driving Enforcement Fund	4230-100-046-4750-241	2011	4,924				444
Drunk Driving Enforcement Fund	4230-100-046-4750-241	2012	6,633				*
Drunk Driving Enforcement Fund	4230-100-046-4750-241	2015	1,773				843
Emergency Management Assistant Fund		2011	5,000				*
							* 5,000
Department of Community Affairs							
Smart Future Growth Grant		2009	7,000				* 85,413
							*
							*
Total Federal and State Grant Fund				55,799	37,497		* 1,435,545
Current Fund:							*
Recycling Tonnage Grant	4900-100-042-4910-224	2012	44,865				*
Recycling Tonnage Grant	4900-100-042-4910-224	2013	66,723				15,773
Recycling Tonnage Grant	4900-100-042-4910-224	2014	59,351				*
Recycling Tonnage Grant	4900-100-042-4910-224	2015	103,438				*
Recycling Tonnage Grant	4900-100-042-4910-224	2015	51,505				*
Recycling Tonnage Grant	4900-100-042-4910-224	2016	109,000				*
Total Current Fund							* 15,773

### Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2018

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## BOROUGH OF FAIR LAWN

## Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2018

	<u>Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>Adjustments</u>	<u>MEMO</u>	
							<u>Cumulative Total</u>	<u>Expenditures</u>
Bergen County Dept. of Public Works							*	*
County-wide ADA Ramps/Curbs/Sidewalks Ord. #2293/2409		2014	200,000				*	*
County-wide ADA Ramps/Curbs/Sidewalks Ord. #2485		2018	240,000				*	198,847
Total General Capital Fund				98,518	117,159	4,192	*	424,426
Total Local Financial Assistance				111,731	131,347	4,192	*	459,234
Total State and Local Financial Assistance				\$ 167,530	168,844	4,192	*	2,056,552

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

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Cash - Collector-Treasurer

## Current Fund

Year Ended December 31, 2018

	Current Fund	Federal and State Grant Fund
Balance - December 31, 2017	\$ 41,900,213	201,835
Increased by Receipts:		
Taxes Receivable	130,613,866	
Miscellaneous Revenue Not Anticipated	966,120	
Petty Cash	500	
Veteran Deductions	225,445	
Construction Code Training Fees	43,712	
Revenue Accounts Receivable	8,448,261	
Interfunds		10,000
Tax Overpayments	193,327	
Prepaid Taxes	750,729	
Reserve for Library Expenditures	56,996	
Tax Title Liens	3,578	
Grants Receivable		69,012
Interest on Investments		999
Various Reserves	850,857	
	<u>142,153,391</u>	<u>80,011</u>
	184,053,604	281,846
Decreased by Disbursements:		
Current Year Budget Appropriations	41,682,409	
Petty Cash	500	
Change Funds	75	
Due from Bergen County Prosecutor	35,725	
Tax Overpayments	160,834	
Interfunds	5,223,068	
Construction Code Training Fees	43,008	
Appropriation Reserves	1,883,266	
Local District School Taxes	89,293,507	
County Taxes Payable	12,361,365	
Special District Taxes	270,200	
Reserve for Library Expenditures	35,974	
Accounts Payable	68,765	
Various Reserves	817,690	
Appropriated Grant Reserves		52,911
	<u>151,876,386</u>	<u>52,911</u>
Balance - December 31, 2018	\$ <u>32,177,218</u>	<u>228,935</u>

**Exhibit A-5**

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$	630
Increased by:		
Receipts		<u>75</u>
Balance - December 31, 2018	\$	<u><u>705</u></u>
<u>Analysis of Balance:</u>		
Tax Collector	\$	300
Municipal Court		200
Building Inspector		100
Board of Health		25
Free Public Library		<u>80</u>
	\$	<u><u>705</u></u>

**Exhibit A-6**

**Schedule of Cash - Petty Cash**

**Current Fund**

**Year Ended December 31, 2018**

Increased by:		
Disbursed	\$	<u>500</u>
Decreased by:		
Returned to Treasurer	\$	<u><u>500</u></u>

## Schedule of Taxes Receivable and Analysis of Property Tax Levy

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**Exhibit A-8****BOROUGH OF FAIR LAWN, N.J.****Schedule of Tax Title Liens****Current Fund****Year Ended December 31, 2018**

Balance - December 31, 2017		\$	22,268
Increased by:			
Interest/Penalties/Recording Fees	\$	1,791	
Transfers from Taxes Receivable		<u>334</u>	
			<u>2,125</u>
			24,393
Decreased by:			
Redemption:			
Interest/Penalties/Recording Fees		1,791	
Principal		<u>3,578</u>	
			<u>5,369</u>
		\$	<u>19,024</u>
Balance - December 31, 2018			

**Exhibit A-9****Schedule of Other Liens Receivable****Current Fund**

Balance - December 31, 2017	\$	<u>629</u>
Balance - December 31, 2018	\$	<u>629</u>

Analysis of Balance

<u>Account</u>	<u>Block</u>	<u>Lot</u>	
79790	5412	26	\$ 90
04464	5829	30A-33A	185
		Unknown	<u>354</u>
			\$ <u>629</u>

**Exhibit A-10**

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Due from Bergen County Prosecutor  
Forefeited Funds**

**Current Fund**

**Year Ended December 31, 2018**

Increased by:

Cash Disbursements

\$ 35,725

Balance - December 31, 2018

\$ 35,725

**Exhibit A-11**

**Schedule of Property Acquired for Taxes -  
Assessed Valuation**

**Current Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017

\$ 73,260

Balance - December 31, 2018

\$ 73,260



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Revenue Accounts Receivable

## Current Fund

Year Ended December 31, 2018

	Balance Dec. 31, 2017	Accrued	Collected	Balance Dec. 31, 2018
Clerk:				
Licenses:				
Alcoholic beverages	\$	42,990	42,990	
Other		21,157	21,157	
Fees and Permits		565,849	565,849	
Municipal Court :				
Fines and Costs	41,702	508,890	524,162	26,430
Interest and Costs on Taxes		177,787	177,787	
Interest on Investments and Deposits		508,471	508,471	
Tax and Assessment Searches		60	60	
Memorial Pool		406,290	406,290	
Sewer User Charges		135,202	135,202	
Cable Television Franchise Fees		456,704	456,704	
Uniform Fire Safety Act - Local		234,394	234,394	
Hotel Tax		145,544	145,544	
Ambulance Fees		457,166	457,166	
Consolidated Municipal Property Tax Relief Aid		26,389	26,389	
Energy Receipts Tax (P.L. 1998 Chpters 162 & 167)		3,718,144	3,718,144	
Uniform Construction Code Fees		1,027,952	1,027,952	
	<u>\$ 41,702</u>	<u>8,432,989</u>	<u>8,448,261</u>	<u>26,430</u>
		Cash	<u>8,448,261</u>	
		\$	<u>8,448,261</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## Current Fund

## Year Ended December 31, 2018

Fund	Due from/(to) Balance			Due from/(to) Balance	
	Dec. 31, 2017	Increased	Decreased	Dec. 31, 2018	
Federal and State Grant Fund	\$ (7,344)	10,999	10,000	(6,345)	
Animal Control Trust Fund	51,479	23,937		75,416	
Other Trust Fund	3,843	6,151		9,994	
Human Services	2,062	578		2,640	
Unemployment Trust Fund	935	2,089		3,024	
General Capital Fund	1,917,509	29,003		1,946,512	
Water Utility Operating Fund	(19,800)	2,850,000		2,830,200	
Liability - Self Insurance Fund	2,036	13,247		15,283	
Water Utility Capital Fund	2,750,000			2,750,000	
Workers Compensation	484,068	11,334		495,402	
Cafeteria Plan Trust Fund	485	109		594	
Payroll Fund	10,918	1,159		12,077	
Veterans Affair Trust	33	106		139	
Health Benefits Trust	8,868	19,672		28,540	
Developers Trust	103	120		223	
Open Space		1,723,568	1,723,568		
Snow Removal Trust		639,500	639,500		
	<u>\$ 5,205,195</u>	<u>5,331,572</u>	<u>2,373,068</u>	<u>8,163,699</u>	
Due to Current Fund	5,232,339	2,937,705		8,170,044	
Due from Current Fund	<u>(27,144)</u>	<u>2,393,867</u>	<u>2,373,068</u>	<u>(6,345)</u>	
	<u>\$ 5,205,195</u>	<u>5,331,572</u>	<u>2,373,068</u>	<u>8,163,699</u>	
Cash Disbursements	\$ 5,223,068				
Statutory Excess	23,348				
Various Reserves			2,363,068		
Grant Match			10,000		
Interest on Investments		85,156			
		<u>\$ 5,331,572</u>	<u>2,373,068</u>		

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 4,373	4,373	283	4,090
Mayor and Council	125	125		125
Municipal Clerk	1,330	1,330	105	1,225
Financial Administration	132,965	132,965	4,437	128,528
Cultural Center	341	341		341
Collection of Taxes	950	950		950
Assessment of Taxes	12	12		12
Engineering Services and Costs	5,806	5,806		5,806
Emergency Management Services	869	869		869
Fire	1,166	1,166	550	616
Police	388,363	388,363	19,656	368,707
Police Dispatch	32,682	32,682	2,882	29,800
Uniform Fire Safety	43,012	43,012	6,516	36,496
Municipal Court	5,245	5,245		5,245
Municipal Prosecutor	383	383		383
Road Repairs and Maintenance	33,031	33,031	3,218	29,813
Shade Tree	14,744	14,744	228	14,516
Electrical Services	4,132	4,132	1,186	2,946
Public Buildings and Grounds	14,107	14,107	1,100	13,007
Maintenance of Garage	11,230	11,230	640	10,590
Administration of Public Works	4,619	4,619		4,619
Sanitation				
Sewer System	14,554	14,554	296	14,258
Recycling Program	15,495	15,495	1,123	14,372
Health Department	10,014	10,014	1,297	8,717
Administration of Social Services	6,612	6,612	1,675	4,937
Recreation	27,248	27,248	11,059	16,189
Parks and Playgrounds	6,649	6,649	960	5,689
Salary Wage Adjustment	3,300	3,300		3,300
Uniform Construction Code:				
Construction Code Official	27,338	27,338	5,902	21,436
Unclassified:				
Terminal Leave	134	134		134
Public Defender	1,067	1,067		1,067
Total Salaries and Wages Within "CAPS"	<u>811,896</u>	<u>811,896</u>	<u>63,113</u>	<u>748,783</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses Within "CAPS":				
Administrative and Executive	11,778	35,310	23,464	11,846
Purchasing		5,365	1,256	4,109
Mayor and Council	139,613	233,371	151,700	81,671
Municipal Clerk	9,223	9,897	588	9,309
Financial Administration	28	99,036	75,933	23,103
Cultural Center	2,046	2,204	158	2,046
Assessment of Taxes	44,356	44,356	40,000	4,356
Collection of Taxes	8,865	8,865		8,865
Legal Services and Costs	49,705	50,044	1,057	48,987
Labor Attorney	28,548	39,682	3,542	36,140
Engineering Services and Costs	1,269	7,042	4,112	2,930
Municipal Land Use Law (N.J.S.A 40:55D-1)				
Planning Board	21,714	22,821	93	22,728
Zoning Board of Adjustment	6,699	7,270	384	6,886
Self Insurance Program:				
Liability Insurance (N.J.S.A. 40:10-12)	150,497	445,497	441,124	4,373
Workers Compensation (N.J.S.A. 40:10-12)	134,106	484,106	483,488	618
Group Insurance Plan for Employee's:				
Group Insurance/Self Insurance		395,236		395,236
Health Insurance	1,246,969	578,212	2,383	575,829
Other Insurance Premiums	128,790	30,090	512	29,578
Police	11,116	42,322	30,833	11,489
Emergency Management Services	16,427	50,631	10,376	40,255
Fire	1,255	17,415	5,443	11,972
Ambulance	1,214	7,057	2,460	4,597
Uniform Fire Safety Act	6,468	8,008	1,540	6,468
Municipal Court	8,805	19,869	7,804	12,065
Road Repairs and Maintenance	78,033	138,206	137,596	610
Shade Tree	14,606	64,077	48,117	15,960
Electrical Services	5,993	7,076	325	6,751
Public Buildings and Grounds	13,640	52,361	38,553	13,808
Maintenance Garage	15,547	42,183	10,936	31,247
Community Services Act	15,000	15,000		15,000
Administration of Public Works	87,236	2,246		2,246
Sanitation:				
Sewer System	797	14,582	864	13,718
Recycling Program	13,780	22,847	5,750	17,097
Health Department	19,558	39,056	15,433	23,623
Administration of Social Services	772	873	81	792
Animal Control	16,220	20,140	3,620	16,520
Recreation and Parks	9,838	15,257	3,845	11,412
Recreation - Special Clubs	4,471	6,436	1,662	4,774

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, 2017	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Parks and Playgrounds	6,257	7,131	104	7,027
Celebration of Public Events	5,343	5,633	290	5,343
Veteran's Service Bureau	3,431	3,431		3,431
Postage-Other Expenses	35,179	35,179		35,179
Purchase of Vehicle & Equipment	967	30,000	29,033	967
Electricity	48,176	109,484	73,619	35,865
Street Lighting	62,209	152,209	80,492	71,717
Telephone, Internet & Communication Lines	41,646	55,420	12,962	42,458
Natural Gas	32,568	53,132	13,847	39,285
Heating Oil	2,353	3,858	3,335	523
Gasoline	105,013	17,256	11,417	5,839
Diesel		41,302	3,115	38,187
Surveillance Camera System		1,228		1,228
Garbage and Trash Removal				
Contractual	213,000	213,000		213,000
Other Expenses	126,799	205,299	61,029	144,270
Construction Code Official	1,103	1,756	672	1,084
Contingent	1,000	1,000		1,000
Total Other expenses Within "CAPS"	3,010,026	4,020,364	1,844,947	2,175,417
Deferred Charges and Statutory Expenditures Within "CAPS":				
Public Employees' Retirement System	1,825	1,825		1,825
Social Security System (O.A.S.I.)	205,029	205,030	4,862	200,168
Consolidated Police and Firemen's Pension	10,000	10,000		10,000
Defined Contribution Pension Plan	4,932	5,732	268	5,464
Total Deferred Charges and Statutory Expenditures Within "CAPS"	221,786	222,587	5,130	217,457
Other Expenses Excluded From "CAPS":				
Passaic Valley Sewer Commission Share of Costs	63,496	63,496		63,496
Maintenance of Free Public Library				
Salaries and Wages	55,556	57,409	7,869	49,540
Other Expenses	62,034	340,592	237,570	103,022
LOSAP	3,055	3,054		3,054
Recycling Tax Appropriation	4,239	8,240	2,659	5,581
Total Other Expenses Excluded from "CAPS"	188,380	472,791	248,098	224,693

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Capital Improvement Fund				
Acquisition of Equipment	<u>26,076</u>	<u>72,998</u>	<u>46,922</u>	<u>26,076</u>
Total Capital Improvements Excluded from "CAPS"	<u>26,076</u>	<u>72,998</u>	<u>46,922</u>	<u>26,076</u>
Total Reserves	<u>\$ 4,258,164</u>	<u>5,600,636</u>	<u>2,208,210</u>	<u>3,392,426</u>
Appropriation Reserves \$	4,258,164			
Encumbrances		<u>1,342,472</u>		
		<u>\$ 5,600,636</u>		
Transfers to Various Reserves \$			130,000	
Accounts Payable			194,944	
Cash			<u>1,883,266</u>	
			<u>\$ 2,208,210</u>	

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Encumbrances Payable**

**Current Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$ 1,342,472
Increased by:	
Transferred from Current Year Budget	<u>1,484,180</u>
	2,826,652
Decreased by:	
Transferred to Appropriation Reserves	<u>1,342,472</u>
Balance - December 31, 2018	\$ <u><u>1,484,180</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Accounts Payable

## Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$	439,977	
Increased by:			
Transfer from Appropriation Reserves		<u>194,944</u>	
			634,921
Decreased by:			
Cash Disbursements	\$	68,765	
Canceled		<u>194,540</u>	
			<u>263,305</u>
Balance - December 31, 2018	\$	<u><u>371,616</u></u>	



**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Reserve for Other Expenditures**

Current Fund														
Year Ended December 31, 2018														
		Recycling	Police - Outside Service	Elevator Surcharge	Terminal Leave	Employment Contracts	Retiree's Insurance	Community Center	Open Space	Special Assessments	October Snow Storm	Snow	FEMA Storm	Total
Balance - December 31, 2017	\$	2,806,977	821,946	3,152	2,215,076	824,626	303,492	956,398	1,512,472	76,001	216,863	509,500		10,246,503
Increased by:														
Cash Receipts		68,451	639,352					75,185					67,869	850,857
Transferred from Appropriation Reserves												130,000		130,000
Current Year Tax Levy									211,096					211,096
		2,875,428	1,461,298	3,152	2,215,076	824,626	303,492	1,031,583	1,723,568	76,001	216,863	639,500	67,869	11,438,456
Decreased by:														
Interfund														
Cash Disbursements			583,707				190	166,529	1,723,568		14,395	639,500	52,869	2,363,068
			583,707				190	166,529	1,723,568		14,395	639,500	52,869	3,180,758
Balance - December 31, 2018	\$	2,875,428	877,591	3,152	2,215,076	824,626	303,302	865,054		76,001	202,468		15,000	8,257,698

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Library Expenditures

## Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017		\$	85,146
Increased by:			
State Library Aid	\$	17,047	
Book Fines		<u>39,949</u>	
			<u>56,996</u>
			142,142
Decreased by:			
Expenditures			<u>35,974</u>
Balance - December 31, 2018		\$	<u><u>106,168</u></u>
	<u>Analysis of Balance</u>		
Book Fines	\$	<u><u>106,168</u></u>	

## BOROUGH OF FAIR LAWN, N.J.

Schedule of Amount Due (to)/from State of New Jersey  
for Senior Citizens' and Veterans' Deductions - CH. 129 P.L. 1976

## Current Fund

## Year Ended December 31, 2018

Balance - December 31, 2017 \$ (177,402)

## Increased by:

Senior Citizens' Deductions Per Tax Billing	\$ 38,000	
Veterans' Deductions Per Tax Billing	189,750	
Senior Citizen's and Veteran's Allowed - 2017	1,000	
Senior Citizen's and Veteran's Allowed - 2018	<u>2,250</u>	
		<u>231,000</u>
		53,598

## Decreased by:

State Share of Senior Citizens and Veteran		
Deductions Received in Cash	\$ 225,445	
Senior Citizen's and Veteran's Disallowed - 2017	6,273	
Senior Citizen's and Veteran's Disallowed - 2018	<u>4,162</u>	
		<u>235,880</u>

Balance - December 31, 2018 \$ (182,282)

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Amount Due to the  
State of New Jersey-Construction Training Fees**

**Current Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$	11,037
Increased by:		
Collections		<u>43,712</u>
		54,749
Decreased by:		
Payments		<u>43,008</u>
Balance - December 31, 2018	\$	<u><u>11,741</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Tax Overpayments

## Current Fund

Year Ended December 31, 2018

Balance - December 31, 2017		\$	53,152
Increased by:			
Collections	\$	193,327	
Fund Balance		<u>102,477</u>	
			<u>295,804</u>
			348,956
Decreased by:			
Applied		71,237	
Refunded		<u>160,834</u>	
			<u>232,071</u>
Balance - December 31, 2018		\$	<u><u>116,885</u></u>

**Exhibit A-22**

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Local School District Tax Payable**

**Current Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$	861,734
Increased by:		
2018 Levy		<u>89,052,635</u>
		89,914,369
Decreased by:		
Payments		<u>89,293,507</u>
Balance - December 31, 2018	\$	<u><u>620,862</u></u>

**Exhibit A-23**

**Schedule of County Taxes Payable**

**Current Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$	28,783
Increased by:		
2018 Levy	\$	11,828,601
2018 Open Space		503,981
2018 Added Assessments		<u>30,110</u>
		<u>12,362,692</u>
		12,391,475
Decreased by:		
Payments		<u>12,361,365</u>
Balance - December 31, 2018	\$	<u><u>30,110</u></u>

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Special Improvement District Taxes Payable**

**Current Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017 (Due From)	\$ (863)
Increased by:	
Tax Levy	<u>271,939</u>
	271,076
Decreased by:	
Payments	<u>270,200</u>
Balance - December 31, 2018 (Due To)	\$ <u><u>876</u></u>

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Prepaid Taxes**

**Current Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$ 8,865,667
Increased by:	
Collections	<u>750,729</u>
	9,616,396
Decreased by:	
Applied to 2018 Taxes Receivable	<u>8,865,667</u>
Balance - December 31, 2018	\$ <u><u>750,729</u></u>



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## Federal and State Grant Fund

## Year Ended December 31, 2018

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2018</u>
Current Fund	\$ <u>7,344</u>	<u>10,000</u>	<u>10,999</u>	<u>6,345</u>
	\$ <u>7,344</u>	<u>10,000</u>	<u>10,999</u>	<u>6,345</u>

Cash Receipts \$		10,000
Grant Match	10,000	
Interest on Investments		<u>999</u>
	\$ <u>10,000</u>	<u>10,999</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	Balance, Dec. 31, <u>2017</u>	2018. Budget Revenue <u>Realized</u>	<u>Received</u>	Balance, Dec. 31, <u>2018</u>
Body Armor	\$ 20,279			20,279
Fair Lawn Carbon Grant	124,727			124,727
Environmental Grant - 2013	2,000			2,000
Hazard Mitigation Grant - 2013	140,080			140,080
Clean Communities Grant		55,799	55,799	
Municipal Alliance on Alcoholism and Drug Abuse	3,293			3,293
Federal OEM Grant	7,000			7,000
NJACCHO - Health Grant	1,500			1,500
Municipal Alliance on Alcoholism and Drug Abuse	15,279		13,213	2,066
Municipal Alliance on Alcoholism and Drug Abuse		<u>15,279</u>		<u>15,279</u>
	\$ <u>314,158</u>	<u>71,078</u>	<u>69,012</u>	<u>316,224</u>
Added by N.J.S.A. 40A:4-87	\$	<u>71,078</u>		
		<u>\$ 71,078</u>		

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Unappropriated Reserves for Grants**

**Federal and State Grant Fund**

**Year Ended December 31, 2018**

<u>Grant</u>	Balance, Dec. 31, <u>2017</u>	Balance, Dec. 31, <u>2018</u>
Body Armor Grant	\$ <u>5,240</u>	<u>5,240</u>
	\$ <u><u>5,240</u></u>	<u><u>5,240</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	Balance, Dec. 31, <u>2017</u>	Transfer From 2018 <u>Budget</u> ---- <u>Expended</u>	Balance, Dec. 31, <u>2018</u>
Clean Communities Program Grant - 2013	\$ 195		195
Clean Communities Program Grant - 2014	446		446
Clean Communities Program Grant - 2015	1,403		1,403
Clean Communities Program Grant - 2016	16,962		16,962
Clean Communities Program Grant - 2017	56,375		1,809
Clean Communities Program Grant - 2018		55,799	55,799
Body Armor Replacement Program - 2009	343		343
Body Armor Replacement Program - 2012	7,607		7,607
Body Armor Replacement Program - 2015	5,223		5,223
Body Armor Replacement Program - 2016	5,151		5,151
Body Armor Replacement Program - 2017	5,300		5,300
Drunk Driving Enforcement Grant - 2011	25,636		25,636
Drunk Driving Enforcement Grant - 2012	4,081		4,081
Drunk Driving Enforcement Grant - 2015	1,773		1,773
Enforcing Underage Drinking	1,666		1,666
Alcohol Education and Rehabilitation	954		850
Alcohol Education and Rehabilitation - 2007	1,692		1,692
Alcohol Education and Rehabilitation - 2009	1,253		1,253
Alcohol Education and Rehabilitation - 2011	804		804
Alcohol Education and Rehabilitation - 2012	162		162
Alcohol Education and Rehabilitation - 2014	950		950
Alcohol Education and Rehabilitation - 2015	650		650
Fair Lawn Granular Activated Carbon Grant	105,991		105,991
Municipal Alliance on Alcoholism and Drug Abuse - 15	2,118		2,118
Municipal Alliance on Alcoholism and Drug Abuse - 16	9,734		9,734
Municipal Alliance on Alcoholism and Drug Abuse - 17	15,279		12,213
Municipal Alliance - Match - 17	3,819		3,819
Municipal Alliance on Alcoholism and Drug Abuse - 18		15,279	15,279
Municipal Alliance - Match - 18		3,819	3,819
Smart Growth	7,000		7,000
Police County - 2012	2,250		2,250
Over the Limit Under Arrest - 2012	4,400		4,400
COPS in Shops - 2011	1,413		1,413
COPS in Shops - 2012	4,500		4,500
COPS in Shops - 2013	5,062		5,062
COPS in Shops - 2014	6,180		6,180

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2018

<u>Grant</u>	Balance, Dec. 31, 2017	Transfer From 2018 Budget	Expended	Balance, Dec. 31, 2018
Forestry Grant	2,400			2,400
Flood Insurance	20,920			20,920
Environmental Grant - 2013	650			650
Hazard Mitigation Grant - 2013	142,080			142,080
Health NJACCHO - 2017	1,975		1,975	
Matching Funds for Grants - 2013	2,157		1,226	931
Matching Funds for Grants - 2014	13,000			13,000
Matching Funds for Grants - 2015	6,181			6,181
Matching Funds for Grants - 2016	6,181			6,181
Matching Funds for Grants - 2017	6,181			6,181
Matching Funds for Grants - 2018		6,181		6,181
Federal OEM Grant - 2017	5,000			5,000
Emergency Management Assistance Funding	5,000			5,000
	<u>\$ 518,097</u>	<u>81,078</u>	<u>70,830</u>	<u>528,345</u>
	Budget \$	10,000		
Appropriated by 40a:4-87		<u>71,078</u>		
		<u>\$ 81,078</u>		
	Cash Disbursed \$	52,911		
	Encumbrances	<u>17,919</u>		
		<u>\$ 70,830</u>		

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Encumbrances Payable**

**Federal and State Grant Fund**

**Year Ended December 31, 2018**

Increased by:

Charged to Appropriated Grant Reserves \$ 17,919

Balance - December 31, 2018 \$ 17,919

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2018

	Animal Trust Fund	Other Trust Fund	Unemployment Comp. Ins. Fund	Self- Insurance Trust Fund	Council on Affordable Housing Trust	Free Public Library Trust Fund	Cafeteria Plan Trust Fund	Emergency Service LOSAP Fund	Veterans Affairs Fund	Open Space Fund	Snow Removal Fund
Balance - December 31, 2017	\$ 107,584	1,573,185	369,940	9,014,451	92,785	114,613	25,210	1,452,406	24,451		
Increase by Receipts:											
Prepaid Dog License Fees Collected	5,844										
Dog License Fees Collected	17,454										
Cat License Fees Collected	2,283										
Other Miscellaneous Fees	3,375										
State Fees	3,844	3,775									
Other Trust Receipts - Sundry Reserves and Deposits		1,227,196									
Escrow Deposits		211,449									
Other Trust Receipts - Donations and Deposits		80,893									
Donations					116,164				19,776		
Contributions Deposited				44,253							
Interest Income/ Gain on Investment	589	6,849	2,089			2,021	109	79,048	106	16,213	5,257
Interfund								3,357		1,723,568	639,500
Payroll Deductions			44,289								
Insurance Reimbursements				1,225,548			39,240				
Budget Appropriation			130,000	965,500							
Total Receipts	33,389	1,530,162	176,378	2,235,301	116,164	2,021	39,349	82,405	19,882	1,739,781	644,757
	140,973	3,103,347	546,318	11,249,752	208,949	116,634	64,559	1,534,811	44,333	1,739,781	644,757
Decreased by Disbursements:											
Animal License Expenditures	1,947										
State Fees	3,446	3,600	69,570								
Due to Grant Fund											
Other Trust Disbursements-Sundry Reserves and Deposits		1,316,548									
Escrow Disbursements		309,240									
Other Trust Disbursements-Donations and Deposits		43,796									
Insurance-Health Benefits				232							
Insurance-Liability Claims				646,358							
Insurance-Worker's Compensations Claims				563,895							
Disbursements										6,392	
Cafeteria Plan Disbursements							36,008				
Plan Service Charges											
Loss on Investment											
Distributions											
Total Disbursements	5,393	1,673,184	69,570	1,210,485			36,008		21,323	6,392	
Balance - December 31, 2018	\$ 135,580	1,430,163	476,748	10,039,267	208,949	116,634	28,551	1,372,316	23,010	1,733,389	644,757

**Exhibit B-2****BOROUGH OF FAIR LAWN, N.J.****Schedule of Prepaid Dog Licenses****Trust Funds****Year Ended December 31, 2018**

Balance - December 31, 2017	\$	1,684
Increased by:		
Collections		<u>5,844</u>
		7,528
Decreased by:		
Applied to 2018 Licenses		<u>1,684</u>
Balance - December 31, 2018	\$	<u><u>5,844</u></u>

**Exhibit B-3****Schedule of Animal Trap Deposits****Trust Funds****Year Ended December 31, 2018**

Balance - December 31, 2017	\$	<u>7,840</u>
Balance - December 31, 2018	\$	<u><u>7,840</u></u>



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Due to State of New Jersey

## Trust Funds

Year Ended December 31, 2018

	Dog License Fees	Other Trust Marriage/ Civil Union Fees	Burial Permit Fees	Quarterly Unemployment Taxes Due
Balance - December 31, 2017	\$ 176	725	5	
Increased by:				
Dog License Fees	3,844			
Marriage License Fees		3,775		
Withholdings				70,464
	<u>3,844</u>	<u>3,775</u>		<u>70,464</u>
	4,020	4,500	5	70,464
Decreased by:				
Cash Disbursements	<u>3,446</u>	<u>3,600</u>		<u>69,570</u>
Balance - December 31, 2018	<u>\$ 574</u>	<u>900</u>	<u>5</u>	<u>894</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds Receivable/(Payable)

## Trust Funds

Year Ended December 31, 2018

	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
Animal Control Trust:				
Current Fund	\$ (51,479)		23,937	(75,416)
Other Trust Fund:				
Current Fund (Other Trust)	(3,843)		6,151	(9,994)
Current Fund (Human Services)	(2,062)		578	(2,640)
Current Fund (Developers Trust)	(103)		120	(223)
	(6,008)		6,849	(12,857)
Open Space Trust:				
Current Fund		1,723,568	1,723,568	
Snow Removal Trust:				
Current Fund		639,500	639,500	
Unemployment Compensation Insurance Trust Fund:				
Current Fund	(935)		2,089	(3,024)
Self-Insurance Trust Fund:				
Current Fund - Due from Worker's Compensation	(484,068)		11,334	(495,402)
Current Fund - Due from Health Benefits Fund	(8,868)		19,672	(28,540)
Current Fund - Due from Self-Insurance Liability	(2,036)		13,247	(15,283)
	(494,972)		44,253	(539,225)
Cafeteria Plan Trust Fund:				
Current Fund	(485)		109	(594)
Veterans Affairs Current Fund	(33)		106	(139)
	\$ (553,912)	2,363,068	2,440,411	(631,255)
Cash Receipts \$		2,363,068		
Cash Disbursements				
Interest on Investments			53,995	
Open Space Trust			1,723,568	
Snow Removal Trust			639,500	
Statutory Excess			23,348	
		\$ 2,363,068	2,440,411	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Sundry Reserve and Deposits

## Trust Funds

Year Ended December 31, 2018

	Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2018</u>
Parking Offenses Adjudication Act	\$ 22,340	2,966	850	24,456
Tax Title Lien Redemptions	563,235	1,224,230	1,315,694	471,771
State Nextel Purchase	<u>4</u>	<u></u>	<u>4</u>	<u></u>
	<u>\$ 585,579</u>	<u>1,227,196</u>	<u>1,316,548</u>	<u>496,227</u>

## Trust Funds

	Balance Dec. 31, 2017	Increased	Decreased	Balance Dec. 31, 2018
Street Opening Deposits	\$ 22,700		13,800	8,900
Performance Bond	1,000			1,000
Performance Bond Paramus Auto Mall	98,130			98,130
18-35 River Road LLC Escrow	17,432		17,432	
CDBG - Senior Kitchen	5,000			5,000
Zoning Board Escrow	57,750	124,984	129,641	53,093
Zoning Board Residential		8,250	5,250	3,000
Planning Board Escrow	162,763	41,500	31,221	173,042
Council Escrow	7,575			7,575
Developer's Escrow	266,644	36,715	111,896	191,463
	<u>\$ 638,994</u>	<u>211,449</u>	<u>309,240</u>	<u>541,203</u>

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## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Donation Reserve and Deposits

## Trust Funds

Year Ended December 31, 2018

	Balance			Balance
	<u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2018</u>
Human Services Donations	\$ 117,374	13,272	3,099	127,547
Tree Planting Donations	2,853	1,375	195	4,033
Economic Development Donations	2,142			2,142
Flower Pot Donations	5,976			5,976
Community Police Donations	23,138	20,751	25,032	18,857
Reserve Police Donations	2,093	2,850	1,938	3,005
Concert Donations	33,966	2,400		36,366
Fireworks Donations	126,436	35,230	2,000	159,666
Fire Victims Donations	824	300	800	324
Camp Donations	343		343	
Civil War Event Donations	228		228	
Fire Department Donations	3,083	50		3,133
Hepatitis Shot Donations	2,024			2,024
LEPC Account Donations	31		31	
Senior Center Donations	2,220	600		2,820
Adopt a Bench Donations	4,459	4,065	6,037	2,487
Safety Program Donations	252		252	
Police Explorers Donations	1,195		568	627
Collura Memorial Donations	2,890		2,890	
Police Vests Donations	5,750			5,750
FI Vol Coalition Donations	383		383	
Certification Donations	3,714			3,714
Nauglehouse	500			500
	<u>\$ 341,874</u>	<u>80,893</u>	<u>43,796</u>	<u>378,971</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Animal Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017		\$	46,405
Increased by:			
Dog License Fees:			
Collections	\$	17,454	
Prepays Applied		<u>1,684</u>	
		\$	19,138
Cat License Fees			2,283
Miscellaneous Revenue:			
Impound Fees		30	
Dog/Cat License Late Fees		2,620	
Kennel License		<u>725</u>	
			<u>3,375</u>
			<u>24,796</u>
			71,201
Decreased by:			
Expenditures Under R.S. 4:19-15.11		1,947	
Statutory Excess Due to Current Fund		<u>23,348</u>	
			<u>25,295</u>
Balance - December 31, 2018		\$	<u><u>45,906</u></u>

Animal License Fees Collected

<u>Year</u>	
2016	21,452
2017	<u>24,454</u>

Maximum Reserve \$ 45,906

## BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for State Unemployment  
Insurance Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017		\$	369,005
Increased by:			
Budget Appropriation	\$	130,000	
Payroll Deductions		<u>44,289</u>	
			<u>174,289</u>
			543,294
Decreased by:			
Due to State of New Jersey			<u>70,464</u>
Balance - December 31, 2018		\$	<u><u>472,830</u></u>

## BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Worker's  
Compensation Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017		\$ 1,602,514
Increased by:		
Budget Appropriations	\$ 500,000	
Insurance Reimbursements	<u>566,929</u>	
		<u>1,066,929</u>
		2,669,443
Decreased by:		
Payment of Claims		<u>563,895</u>
Balance - December 31, 2018		\$ <u><u>2,105,548</u></u>



**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Reserve for Liability  
Insurance Trust Fund Expenditures**

**Trust Funds**

**Year Ended December 31, 2018**

Balance - December 31, 2017		\$ 2,639,163
Increased by:		
Budget Appropriations	\$ 465,500	
Insurance Reimbursements	<u>657,286</u>	
		<u>1,122,786</u>
		3,761,949
Decreased by:		
Payment of Claims		<u>646,358</u>
Balance - December 31, 2018		\$ <u><u>3,115,591</u></u>

## BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Health  
Benefits Plan Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2018

Balance - December 31, 2017		\$ 4,277,802
Increased by:		
Cash Receipts	\$ 83	
Prior Year Void Checks	<u>1,250</u>	
		<u>1,333</u>
		4,279,135
Decreased by:		
Payment of Claims		<u>232</u>
Balance - December 31, 2018		\$ <u><u>4,278,903</u></u>

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Reserve for Council on Affordable Housing Expenditures**

**Trust Funds**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$ 92,785
Increased by:	
Cash Receipts	<u>116,164</u>
Balance - December 31, 2018	<u>\$ 208,949</u>

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Reserves for Library Expenditures**

**Library Trust Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$ 22,142
Increased by:	
Interest	<u>2,021</u>
Balance - December 31, 2018	<u><u>\$ 24,163</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Restricted Reserves for Library Expenditures

## Library Trust Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$ 92,471
Balance - December 31, 2018	\$ 92,471
<u>Analysis of Balance</u>	
Eva Kaplan Trust Fund	\$ 17,921
Shirley T. Rosen Trust Fund	69,050
Endowment Program - Pavers	5,500
	\$ 92,471

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Reserve for Cafeteria Plan Expenditures**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$ 24,725
Increased by:	
Cash Receipts	<u>39,240</u>
	63,965
Decreased by:	
Cash Disbursements	<u>36,008</u>
Balance - December 31, 2018	\$ <u><u>27,957</u></u>

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Service Award Contributions Receivable**

**Trust Funds**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$ 79,048
Increased by:	
2018 Service Award Contributions	<u>86,629</u>
	165,677
Decreased by:	
Distributions	<u>79,048</u>
Balance - December 31, 2018	<u><u>\$ 86,629</u></u>

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Net Assets Available for Benefits**

**Trust Funds**

**Year Ended December 31, 2018**

Balance - December 31, 2017		\$	1,531,454
Increased by:			
Contributions	\$	86,629	
Interest on Investments		<u>3,357</u>	
			<u>89,986</u>
			1,621,440
Decreased by:			
Plan Service Charges		1,000	
Distributions		68,061	
Loss on Investment		<u>93,434</u>	
			<u>162,495</u>
Balance - December 31, 2018		\$	<u><u>1,458,945</u></u>



**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Reserve for Veteran Affairs Expenditures**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$	24,418
Increased by:		
Cash Receipts		<u>19,776</u>
		44,194
Decreased by:		
Cash Disbursements		<u>21,323</u>
Balance - December 31, 2018	\$	<u><u>22,871</u></u>

**Exhibit B-21**

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Reserve for Open Space**

**Year Ended December 31, 2018**

Increased by:

Interest Earnings

\$ 16,213

Interfund - Current Fund

1,723,568

1,739,781

1,739,781

Decreased by:

Cash Disbursements

6,392

Balance - December 31, 2018

\$ 1,733,389

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Reserve for Snow Removal**

**Year Ended December 31, 2018**

Increased by:

Interest Earnings

\$ 5,257

Interfund - Current Fund

639,500

644,757

Balance - December 31, 2018

\$ 644,757

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Cash

## General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017		\$	5,170,398
Increased by Receipts:			
State Grants and County Grants	\$	98,518	
Federal Grants		588,731	
Other Receivables		3,300	
Premium on Note Sale		89,955	
Capital Improvement Fund		195,000	
Bond Anticipation Notes		3,625,000	
Interest on Investments		<u>29,003</u>	
			<u>4,629,507</u>
			9,799,905
Decreased by Disbursements:			
Improvement Authorizations		1,754,761	
Encumbrances payable		<u>1,938,716</u>	
			<u>3,693,477</u>
Balance - December 31, 2018		\$	<u><u>6,106,428</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2018

Fund Balance	\$ 1,552,181
State and County Grants Receivable	(878,750)
Local Grants Receivable	(2,204)
Federal Grants Receivable	(1,086,051)
Encumbrances Payable	1,861,725
Special Reserves	64,922
Reserve for Unappropriated State Grant	15,464
Capital Improvement Fund	215,239
Interfund Accounts Payable	1,951,202
Reserve for Grants Receivable	18,243

## Improvement Authorizations:

## Ordinance

<u>Number</u>	<u>Improvement Description</u>	
1941	Multiple Purpose	16,808
1965	Multiple Purpose	20,231
2017	Multi Purpose	31,364
2030	Multi Purpose	2,079
2053	Multi Purpose	(41,695)
2194	Various Improvements	50,440
2219	Various Improvements	43,288
2220	Improvement of Various Roads	26,885
2233	Broadway Corridor	150,000
2235	Bergen County Open Space	39,000
2244	Road Improvements	6,532
2245	Various Improvements	206,310
2247	Broadway Corridor, Phase 2	146,500
2254	4-50 Second Street	37,684
2259	Improvements to Parks - Vogel/George St.	7,388
2281	Municipal Park Improvements - Bergen Co. Open Space	1,695
2284	Various Improvements	164,868
2285	Improvements to Various Roads	8,202
2288	Improvements to Chandler Dr. - CDBG	47,103
2293/2409	ADA Ramps, Curbs and Sidewalks	38,153
2309	Various Improvements	4,346
2310	Various Improvements	301,872
2320	Fair Lawn Corridor Safety Improvements	190,085

## BOROUGH OF FAIR LAWN, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2018

2326	Columbia Heights - Passive Park	6,405
2337	Various Improvements	663,785
2338	Roadway Improvements	33
2347	Road Resurfacing	64,605
2355	Generator Project for Emergency Services	2,955
2376	Various Improvements	490,928
2377	Various Road Improvements	19,129
2380	Senior Center Room Divider	4,650
2384	Memorial Park and Pool Improvements	989
2387/2390	Improvements to 20th Street	32,844
2391	Construction of a Miniature Gold Course	41,601
2402	Naugle-Vanderbeck House	131,226
2427	Various Improvements	345,198
2428	Roadway Improvements	29,485
2458	Various Improvements	(934,595)
2459	Roadway Improvements	(66,249)
2462	CDBG - Senior Center Improvements	24,830
2483	Outdoor Fitness Park	37,500
		<u>\$ 6,106,428</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of State &amp; County Grants Receivable

## General Capital Fund

Year Ended December 31, 2018

Grant Amount	Year	Ordinance	Balance Dec. 31, 2017	2018 Grants Authorized	Received	Balance Dec. 31, 2018
<u>Bergen County Open Space Grant:</u>						
Vogel Park	2013	2259	\$ 9,383			9,383
Columbia Park	2014	2326	5,721			5,721
Naugle - Vanderbeck	2015	2375	115,000			115,000
Municipal Pool & Pool Imps.	2015	2384	50,000		49,418	582
Miniature Golf Course	2016	2391	37,542			37,542
Naugle - Vanderbeck	2016	2402	131,226			131,226
Memorial Pool Playground Improvements	2018	2465		49,100	49,100	
Outdoor Fitness Park	2018	2483		37,500		37,500
<u>State of New Jersey - Green Acres Grant:</u>						
2nd Street Property	2012	2254	64,796			64,796
<u>Bergen County Dept. of Public Works</u>						
County-wide ADA ramps/curbs/sidewalks	2014	2293/2409	237,000			237,000
County-wide ADA ramps/curbs/sidewalks	2018	2485		240,000		240,000
			\$ 650,668	326,600	98,518	878,750

## Schedule of Local Grants Receivable

## General Capital Fund

Year Ended December 31, 2018

	Balance Dec. 31, 2017	2018 Grants Authorized	Received	Balance Dec. 31, 2018
Due from JP Morgan Chase - Parking Lot Paving	\$ 5,504		3,300	2,204
	5,504		3,300	2,204

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Federal and State Grants Receivable

## General Capital Fund

Year Ended December 31, 2018

Grant Amount	Year	Ordinance	Balance Dec. 31, 2017	2018 Grants Authorized	Received	Canceled	Balance Dec. 31, 2018
<u>Community Development Block Grant:</u>							
2014 Road Re-Surfacing	2014	2303	6,812			6,812	
Senior Center Grease Trap	2014	2302	2,979			2,979	
Handicapped Ramps	2015	2346	2,629				2,629
Road Resurfacing	2015	2347	72,125				72,125
Senior Center Hand Railings	2015	2348	17,530		2,954	14,576	
Road Resurfacing	2016	2379	183,900		183,900		
Senior Center Room Divider	2016	2380	21,400				21,400
Road Resurfacing	2017	2434	159,395				159,395
Handicapped Curbs	2018	2461		39,300			39,300
Senior Center Improvements	2018	2462		30,175			30,175
Roadway Improvements	2018	2463		112,164			112,164
<b>Total Community Development Block Grants</b>			<b>466,770</b>	<b>181,639</b>	<b>186,854</b>	<b>24,367</b>	<b>437,188</b>
<u>State of New Jersey Transportation Trust Fund</u>							
Improvements to B'Way Phase I	2012	2233	150,000				150,000
Improvements to B'Way Phase II	2012	2247	146,500				146,500
Fairlawn Avenue Corridor Safety Imp Proj.	2014	2320	436,187		245,541		190,646
NJ DOT - Plaza Road	2015	2349	37,250		37,250		
Improvements to 20th Street	2016	2390	59,625				59,625
Improvements to 17th Street	2018	2472		202,000	119,086		82,914
<b>Total New Jersey Transportation Trust Fund</b>			<b>829,562</b>	<b>202,000</b>	<b>401,877</b>		<b>629,685</b>
<u>U.S. Department of Homeland Security:</u>							
Assistance to Office of Emergency Mngt	2015	2355	19,178				19,178
<b>Total U.S. Department of Justice</b>			<b>19,178</b>				<b>19,178</b>
<b>\$</b>			<b>1,315,510</b>	<b>383,639</b>	<b>588,731</b>	<b>24,367</b>	<b>1,086,051</b>



## BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges to Future  
Taxation - Funded

## General Capital Fund

Year Ended December 31, 2018

Balance - December 31, 2017	\$	30,566,000
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Decreased by:

Current year Budget Appropriations:

Capital Lease Principal	\$	420,000
Serial Bond Principal		<u>2,030,000</u>

	<u>2,450,000</u>
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Balance - December 31, 2018	\$	<u><u>28,116,000</u></u>
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Analysis of Balance:

Capital Leases Payable	\$	8,865,000
Bonds Payable		<u>19,251,000</u>

\$	<u><u>28,116,000</u></u>
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## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Deferred Charges to Future Taxation - Unfunded

## General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Balance Dec. 31, 2018	Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
<u>General Improvements:</u>							
2053	Multiple Purpose	\$ 66,152		66,152		41,695	24,457
2245	Various Improvements	23,000		23,000			23,000
2259	Improv. To Parks - Vogel/George St.	50,000		50,000		42,612	7,388
2281	Mun. Park Improv. - BC OS	75,000		75,000		73,305	1,695
2284	Various Improvements	215		215			215
2294	Berdan Grove ADA Park Improv	50,000		50,000		50,000	
2309	Various Improvements	100		100			100
2310	Various Improvements	336		336			336
2337	Various Improvements	949,000		949,000	949,000		
2376	Various Improvements	2,190,000		2,190,000	2,190,000		
2377	Various Road Improvements	1,438,000		1,438,000	1,438,000		
2391	Construction of a Miniature Golf Course	488,000		488,000	488,000		
2427	Various Improvements	2,190,000		2,190,000	2,190,000		
2428	Roadway Improvements	1,438,000		1,438,000	1,435,000		3,000
2439	Refunding Bond Ordinance	795,000		795,000			795,000
2458	Various Improvements		1,947,000	1,947,000		934,595	1,012,405
2459	Roadway Improvements		1,529,000	1,529,000		66,249	1,462,751
		<u>\$ 9,752,803</u>	<u>3,476,000</u>	<u>13,228,803</u>	<u>8,690,000</u>	<u>1,208,456</u>	<u>3,330,347</u>
Improvement Authorizations - Unfunded							
Less: Unexpended proceeds of Bond Anticipation Notes							
Ordinance:							
					2337	\$ 663,785	
					2376	490,928	
					2377	19,129	
					2391	41,601	
					2427	345,198	
					2428	29,485	
							<u>1,590,126</u>
							<u>\$ 3,330,347</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of General Serial Bonds Payable

## General Capital Fund

Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018			
			Date	Amount							
Multi-Purpose	Dec. 15, 2010	13,415,000	12/15/19	920,000	3.000%	2,760,000	905,000	1,855,000			
			12/15/20	935,000	3.250%						
Multi-Purpose	Sept. 1, 2016	13,820,000	09/01/19	1,000,000	2.000%	12,720,000	1,125,000	11,595,000			
			09/01/20	1,050,000	2.000%						
			09/01/21	1,000,000	2.000%						
			09/01/22	700,000	2.000%						
			09/01/23	700,000	2.000%						
			09/01/24	700,000	2.000%						
			09/01/25	700,000	2.000%						
			09/01/26	700,000	2.000%						
			09/01/27	1,200,000	2.000%						
			09/01/28	1,275,000	2.000%						
Refunding Bond	Aug. 22, 2017	5,801,000	09/01/29	1,275,000	2.000%						
			09/01/30	1,295,000	2.125%						
			12/15/21	938,000	3.000%	5,801,000		5,801,000			
			12/15/22	948,000	3.000%						
			12/15/23	960,000	3.000%						
			12/15/24	965,000	4.000%						
			12/15/25	995,000	4.000%						
			12/15/26	995,000	4.000%						
									\$ 21,281,000	2,030,000	19,251,000

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Capital Leases Payable

## General Capital Fund

Year Ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2018		Interest Rate	Balance Dec. 31, 2017	Decreased	Balance Dec. 31, 2018
			Date	Amount				
Recreation Center	Nov. 15, 2004	12,860,000	09/15/19	435,000	1.500%	9,285,000	420,000	8,865,000
			09/15/20	450,000	3.000%			
			09/15/21	460,000	4.000%			
			09/15/22	470,000	2.000%			
			09/15/23	480,000	2.000%			
			09/15/24	490,000	2.000%			
			09/15/25	500,000	2.125%			
			09/15/26	520,000	2.250%			
			09/15/27	540,000	4.000%			
			09/15/28	555,000	4.000%			
			09/15/29	585,000	2.750%			
			09/15/30	610,000	5.000%			
			09/15/31	640,000	5.000%			
			09/15/32	675,000	5.000%			
			09/15/33	710,000	5.000%			
			09/15/34	745,000	5.000%			
						\$ 9,285,000	420,000	8,865,000

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Bond Anticipation Notes Payable

## General Capital Fund

Year ended December 31, 2018

Ord. No.	Improvement Description	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31 2017	Increased	Decreased	Balance, Dec. 31, 2018
2337	Various Improvements	09/16/16	09/13/18	09/13/19	3.00%	\$ 949,000	949,000	949,000	949,000
2376	Various Improvements	09/16/16	09/13/18	09/13/19	3.00%	2,190,000	2,190,000	2,190,000	2,190,000
2377	Various Road Improvements	09/16/16	09/13/18	09/13/19	3.00%	1,438,000	1,438,000	1,438,000	1,438,000
2391	Construction of a Miniature Golf Course	09/16/16	09/13/18	09/13/19	3.00%	488,000	488,000	488,000	488,000
2427	Various Improvements	09/13/18	09/13/18	09/13/19	3.00%	2,190,000	2,190,000		2,190,000
2428	Roadway Improvements	09/13/18	09/13/18	09/13/19	3.00%		1,435,000		1,435,000
						\$ 5,065,000	8,690,000	5,065,000	8,690,000
						Cash \$ 3,625,000			
						Renewed 5,065,000		5,065,000	
						\$ 8,690,000		5,065,000	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Special Reserves

## General Capital Fund

Year Ended December 31, 2018

	Balance Dec. 31, 2017	Balance Dec. 31, 2018
Ordinance 1737	\$ 1,127	1,127
Community Development Block Grants	25,012	25,012
Public Works Act of 1976	1,750	1,750
Reserve for JP Morgan Receivable	20,204	20,204
Board of Education Parking Project	7,036	7,036
Reserve for Debt	9,793	9,793
	<u>\$ 64,922</u>	<u>64,922</u>

Analysis of Balance

Reserve for Public Works Act of 1976	\$ 1,750
Reserve for Payment of Debt - Barrier Free Curb Cuts	26,139
Reserve for JP Morgan Co-operative Parking Lot Receivable	20,204
Reserve for Board of Education Joint Paving Project	7,036
Reserve for Debt	9,793
	<u>\$ 64,922</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Improvement Authorizations

## General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2017		2018 Authorizations	Paid or Charged	Authorizations Canceled	Balance Dec. 31, 2018	
			Funded	Unfunded				Funded	Unfunded
General Improvements:									
1941	Multiple Purpose (CDBG)	3,207,750	16,808					16,808	
1965	Multiple Purpose	1,620,000	20,231					20,231	
2017	Multi Purpose	940,800	31,364					31,364	
2030	Multi Purpose	804,300	2,079					2,079	
2053	Multi Purpose	3,087,000		24,457					24,457
2194	Various Improvements	1,297,050	50,440					50,440	
2219	Various Improvements	1,103,800	43,288					43,288	
2220	Improvement of Various Roads	610,000	26,885					26,885	
2233	Broadway Corridor	150,000	150,000					150,000	
2235	Bergen County Open Space	39,000	39,000					39,000	
2244	Road Improvements	510,000	6,522			(10)		6,532	
2245	Various Improvements	2,656,000	331,142	23,000		7,220	(7,388)	331,310	23,000
2247	Broadway Corridor Phase 2	146,500	146,500			(35,000)		146,500	
2254	4-50 Second Street		2,684					37,684	
2259	Improv. To Parks - Vogel/George Street	100,000		14,776			7,388		7,388
2281	Muni Park Improvements - BC OS	150,000		1,695					1,695
2284	Various Improvements	2,217,700	244,357	215		29,489		214,868	215
2285	Improvements to Various Roads	510,000	8,202					8,202	
2288	Improv. Chandler Drive CDBG	162,000	47,103					47,103	
2293/2409	ADA Ramps, Curb and Sidewalks	237,000	38,153					38,153	
2302	Senior Grease Trap/Sewer Line	20,000	2,979				2,979		
2303	Road Resurfacing		18,737				18,737		
2309	Various Improvements	910,000	4,346	100				4,346	100
2310	Various Improvements	1,612,000	326,654	336		24,782		301,872	336

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Improvement Authorizations

## General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2017		2018 Authorizations	Paid or Charged	Authorizations Canceled	Balance Dec. 31, 2018	
			Funded	Unfunded				Funded	Unfunded
2320	Fair Lawn Corridor Safety Improvements	511,850	190,085					190,085	
2326	Columbia Heights - Passive Park	20,000	6,405					6,405	
2337	Various Improvements	2,100,000		681,437		17,652			663,785
2338	Roadway Improvements	1,200,000	4,532			4,499		33	
2347	Road Resurfacing	162,530	64,605					64,605	
2348	Senior Center Hand Railings	17,530	14,576				14,576		
2355	Generator Project for Emergency Services	250,000	17,755			14,800		2,955	
2376	Various Improvements	2,300,000		599,758		108,830			490,928
2377	Various Road Improvements	1,510,000		16,351		(2,778)			19,129
2379	Road Resurfacing	183,900							
2380	Senior Center Room Divider	21,400	21,400			16,750		4,650	
2384	Memorial Park and Pool Improvements	50,000	989					989	
2387/2390	Improvements to 20th Street	155,500				(32,844)		32,844	
2391	Construction of a Miniature Golf Course	550,000		42,775		1,174			41,601
2402	Nangle-Vanderbeck House	131,226	131,226					131,226	
2427	Various Improvements	2,300,000		683,811		338,613			345,198
2428	Roadway Improvements	1,510,000		1,163,646		1,131,161			32,485
2434	CDBG Road Resurfacing	159,395	159,395			159,395			
2439	Refunding Bond Ordinance	6,596,000		795,000					795,000
2458	Various Improvements	2,050,000			2,050,000	1,037,595			1,012,405
2459	Roadway Improvements	1,610,000			1,610,000	147,249			1,462,751
2461	CDBG - ADA Curb Cuts	39,300			39,300	39,300			
2462	CDBG - Senior Center Improvements	30,175			30,175	5,345			
2463	CDBG - Road Resurfacing	112,164			112,164	112,164		24,830	
2465	Memorial Pool Playground Improvements	49,100			49,100	49,100			



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Improvement Authorizations

## General Capital Fund

Year Ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2017		2018 Authorizations	Paid or Charged	Authorizations Canceled	Balance Dec. 31, 2018	
			Funded	Unfunded				Funded	Unfunded
2472	Improvements to 17th Street	202,000			202,000	202,000			
2483	Outdoor Fitness Park	37,500			37,500			37,500	
2485	ADA Ramps, Curbs and Sidewalks	240,000			240,000	240,000			
		\$	2,168,442	4,047,357	4,370,239	3,616,486	36,292	2,012,787	4,920,473
	Capital Improvement Fund	\$			184,000				
	Community Development Block Grant				181,639				
	NJ Department of Transportation				202,000				
	Bergen County Open Space Trust Fund				86,600				
	Bergen County Department of Public Works				240,000				
	Deferred Charges - Unfunded				3,476,000				
		\$			4,370,239				
	Encumbrances Payable	\$				1,861,725			
	Cash Disbursements					1,754,761			
		\$				3,616,486			

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Reserve for Encumbrances Payable**

**General Capital Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$ 1,938,716
Increased by:	
Charged to Improvement Authorizations	<u>1,861,725</u>
	3,800,441
Decreased by:	
Payments	<u>1,938,716</u>
Balance - December 31, 2018	<u><u>\$ 1,861,725</u></u>

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Reserve for Unappropriated State Grant -  
New Jersey Stormwater Management Grant**

**General Capital Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$ <u>15,464</u>
Balance - December 31, 2018	\$ <u><u>15,464</u></u>

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Capital Improvement Fund**

**General Capital Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$ 204,239
Increased by:	
Budget Appropriation	<u>195,000</u>
	399,239
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>184,000</u>
Balance - December 31, 2018	<u><u>\$ 215,239</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## General Capital Fund

Year ended December 31, 2018

	Due from/(to) Balance Dec. 31, 2017	Decreased	Due from/(to) Balance Dec. 31, 2018
Current Fund	\$ (1,917,509)	29,003	(1,946,512)
Water Utility Capital Fund			
Water Utility Operating Fund	(4,690)		(4,690)
	<u>\$ (1,922,199)</u>	<u>29,003</u>	<u>(1,951,202)</u>
<u>Analysis</u>			
Due from General Capital Fund	<u>(1,922,199)</u>	<u>29,003</u>	<u>(1,951,202)</u>
	<u>\$ (1,922,199)</u>	<u>29,003</u>	<u>(1,951,202)</u>
Interest on Investments	\$ 29,003		
		<u>\$ 29,003</u>	

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Reserve for Grants Receivable**

**General Capital Fund**

**Year Ended December 31, 2018**

Balance - December 31, 2017	\$ <u>18,243</u>
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Balance - December 31, 2018	\$ <u><u>18,243</u></u>
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Analysis of Balance

Salt Shed/Glen Road	\$ 3,255
Various Other Grants	<u>14,988</u>
	\$ <u><u>18,243</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## General Capital Fund

Year Ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2017</u>	<u>2018 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2018</u>
<u>General Improvements:</u>					
2053	Multiple Purpose	\$ 66,152			66,152
2245	Various Improvements	148,000			148,000
2284	Various Improvements	50,215			50,215
2309	Various Improvements	100			100
2310	Various Improvements	336			336
2427	Various Improvements	2,190,000		2,190,000	
2428	Roadway Improvements	1,438,000		1,435,000	3,000
2439	Refunding Bond Ordinance	795,000			795,000
2458	Various Improvements		1,947,000		1,947,000
2459	Roadway Improvements		1,529,000		1,529,000
		<u>\$ 4,687,803</u>	<u>3,476,000</u>	<u>3,625,000</u>	<u>4,538,803</u>
Bond Anticipation Note Issued \$				<u>3,625,000</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Cash - Treasurer

## Water Utility Fund

Year ended December 31, 2018

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2017	\$ <u>6,303,987</u>	<u>3,436,019</u>
Increased by Receipts:		
Water Collector	6,209,339	
Interest on Investments	107,476	16,522
Interfund	2,850,000	
Other Miscellaneous	16,537	
Budget Appropriation - Deferred Charges		360,283
Capital Improvement Fund		135,000
Fund Balance		13,442
Bond Anticipation Notes		<u>1,300,000</u>
	<u>9,183,352</u>	<u>1,825,247</u>
	15,487,339	5,261,266
Decreased by Disbursements:		
2018 Appropriations	6,596,927	
2017 Appropriation Reserves	426,335	
Water Rent Overpayments	54	
Accrued Interest on Bonds	131,420	
Encumbrances		304,045
Improvement Authorizations		<u>1,022,868</u>
	<u>7,154,736</u>	<u>1,326,913</u>
Balance, December 31, 2018	\$ <u><u>8,332,603</u></u>	<u><u>3,934,353</u></u>



## BOROUGH OF FAIR LAWN, N.J.

## Analysis of Cash

## Water Utility Capital Fund

December 31, 2018

		Balance, Dec. 31, <u>2018</u>
Fund Balance	\$	192,484
Encumbrances Payable		666,080
Capital Improvement Fund		25,730
Interfunds Accounts Payable		3,184,945
Improvement Authorizations:		
Ordinance		
<u>Number</u>	<u>General Improvements</u>	
2218	Various Improvements to Water System	(59)
2123	Improvements to Water System	12,141
2243	Various Improvements to Water System	165,567
2286	Impr. To Water Supply & Distr. System	72,457
2311	Impr. To Water Supply & Distr. System	27,861
2339	Impr. To Water Supply & Distr. System	55,511
2378	Impr. To Water Supply & Distr. System	158,712
2429	Impr. To Water Supply & Distr. System	330,867
2460	Impr. To Water Supply & Distr. System	<u>(957,943)</u>
	\$	<u><u>3,934,353</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## Water Utility Operating Fund

Year ended December 31, 2018

	Due from/(to) Balance <u>Dec. 31, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2018</u>
Current Fund	\$ 19,800		2,850,000	(2,830,200)
General Capital Fund	4,690			4,690
Water Utility Capital Fund	<u>418,423</u>	<u>16,522</u>		<u>434,945</u>
	<u>\$ 442,913</u>	<u>16,522</u>	<u>2,850,000</u>	<u>(2,390,565)</u>
<u>Analysis</u>				
Due from Other Funds	442,913	16,522	19,800	439,635
Due from Water Utility Operating Fund	<u>          </u>	<u>          </u>	<u>2,830,200</u>	<u>(2,830,200)</u>
	<u>\$ 442,913</u>	<u>16,522</u>	<u>2,850,000</u>	<u>(2,390,565)</u>
Cash Receipts		\$	2,850,000	
Interest on Investments		<u>16,522</u>		
		<u>\$ 16,522</u>	<u>2,850,000</u>	

**Exhibit D-8**

**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Consumers' Accounts Receivable -  
Operating Fund**

**Water Utility Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017	\$	596,545
Increased by:		
2018 Levy		<u>6,089,121</u>
		6,685,666
Decreased by:		
Overpayments Applied	\$	318
Cash Receipts		<u>6,209,339</u>
		<u>6,209,657</u>
Balance, December 31, 2018	\$	<u><u>476,009</u></u>

**Exhibit D-9**

**Inventory - Material and Supplies**

**Water Utility Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017	\$	95,864
Increased by:		
Purchases		<u>92,950</u>
		188,814
Decreased by:		
Inventory Usage		<u>68,152</u>
Balance, December 31, 2018	\$	<u><u>120,662</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Fixed Capital

## Water Utility Capital Fund

Year ended December 31, 2018

<u>Account</u>	Balance, Dec. 31, <u>2017</u>	Balance, Dec. 31, <u>2018</u>
Springs and Wells	\$ 2,300,722	2,300,722
Land and Pumping Stations	378,767	378,767
Structure and Pumping Stations	341,881	341,881
Electrical Pumping Equipment	359,075	359,075
Miscellaneous Pumping Equipment	221,235	221,235
Storage Reservoirs and Tanks	1,854,438	1,854,438
Distribution Mains and Accessories	9,420,269	9,420,269
Meters	1,005,804	1,005,804
Fire Hydrants	788,228	788,228
Garage	58,008	58,008
Other Tangible Water Capital	455,587	455,587
Distribution Equipment	28,656	28,656
Engineering During Construction	312,274	312,274
Legal Expenses During Construction	21,068	21,068
Interest During Construction	35,641	35,641
Miscellaneous Charges During Construction	49,161	49,161
	<u>\$ 17,630,815</u>	<u>17,630,815</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Fixed Capital Authorized and Uncompleted

## Water Utility Capital Fund

Year ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2017	2018 Authorizations	Balance, Dec. 31, 2018
		Date	Amount			
2123	Improvements to Water System	08/19/08	\$ 94,200	\$ 79,500		79,500
2243	Various Improvements to Water System	09/11/12	1,688,000	1,688,000		1,688,000
2286	Improv of Water Supply & Distr. System	07/16/13	326,400	326,400		326,400
2311	Improv of Water Supply & Distr. System	04/08/14	545,000	545,000		545,000
2339	Improv of Water Supply & Distr. System	04/14/15	800,000	800,000		800,000
2378	Improv of Water Supply & Distr. System	04/19/16	1,140,000	1,140,000		1,140,000
2429	Improv of Water Supply & Distr. System	04/25/17	1,800,000	1,800,000		1,800,000
2460	Improv of Water Supply & Distr. System	04/17/18	2,670,000		2,670,000	2,670,000
				\$ 6,378,900	2,670,000	9,048,900

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of 2017 Appropriation Reserves

## Water Utility Fund

Year ended December 31, 2018

	Balance, Dec. 31, <u>2017</u>	Balance after Tranfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 44,736	129,945	18,380	111,565
Other Expenses	457,945	826,990	407,582	419,408
Health Benefits	<u>67,158</u>	<u>66,658</u>		<u>66,658</u>
Total Operating	<u>569,839</u>	<u>1,023,593</u>	<u>425,962</u>	<u>597,631</u>
Deferred Charges and Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>306</u>	<u>806</u>	<u>373</u>	<u>433</u>
Total Deferred Charges and Statutory Expenditures	<u>306</u>	<u>806</u>	<u>373</u>	<u>433</u>
	<u>\$ 570,145</u>	<u>1,024,399</u>	<u>426,335</u>	<u>598,064</u>
Appropriation Reserves \$	570,145			
Encumbrances		<u>454,254</u>		
		<u>\$ 1,024,399</u>		

**Exhibit D-13**

**Schedule of Water Rent Overpayments**

**Water Utility Fund**

**Year ended December 31, 2018**

Balance, December 31, 2017		\$	13,968
Decreased by:			
Overpayments Applied	\$	318	
Refunded		<u>54</u>	
			<u>372</u>
Balance, December 31, 2018		\$	<u><u>13,596</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Accrued Interest on Bonds and Notes

## Water Utility Fund

Year ended December 31, 2018

Balance, December 31, 2017	\$ 46,012
Increased by:	
Budget Appropriation	<u>131,420</u>
	177,432
Decreased by:	
Payments	<u>131,420</u>
Balance, December 31, 2018	<u>\$ 46,012</u>

Analysis of Accrued Interest

	Principal Outstanding <u>Dec. 31, 2018</u>	<u>Period</u>	Interest <u>Rate</u>	<u>Amount</u>
Serial Bonds				
\$ 400,000	16 Days	3.00%	\$ 533	
4,650,000	120 Days	2.00%	31,000	
404,000	16 Days	3.00%	539	
Bond Anticipation Notes				
1,300,000	109 Days	3.00%	<u>11,808</u>	
			<u>\$ 43,880</u>	



**BOROUGH OF FAIR LAWN, N.J.****Schedule of Reserve for Encumbrances Payable****Water Utility Capital Fund****Year Ended December 31, 2018**

Balance - December 31, 2017		\$	304,060
Increased by:			
Charged to Improvement Authorizations			<u>666,080</u>
			970,140
Decreased by:			
Payments	\$	304,045	
Cancelled		<u>15</u>	
			<u>304,060</u>
Balance - December 31, 2018		\$	<u><u>666,080</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Improvement Authorizations

## Water Utility Capital Fund

Year ended December 31, 2018

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2017		2018 Authorizations		Balance, Dec. 31, 2018	
				Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
2123	Improvements to Water System	Sept. 19, 2008	\$ 92,400	\$ 12,141				12,141	
2243	Various Improvements to Water System	Sept. 11, 2012	1,688,000	165,567				165,567	
2286	Impr. To Water Supply & Distr. System	July 16, 2013	326,400	72,188	80			72,457	80
2311	Impr. To Water Supply & Distr. System	April 8, 2014	545,000	27,861				27,861	
2339	Impr. To Water Supply & Distr. System	April 14, 2015	800,000	89,510				55,511	
2378	Impr. To Water Supply & Distr. System	April 19, 2016	1,140,000	457,985	4,550			158,712	4,550
2429	Impr. To Water Supply & Distr. System	April 25, 2017	1,800,000	1,800,000	1,008,854			263,987	744,867
2460	Impr. To Water Supply & Distr. System	April 17, 2018	2,670,000			2,670,000		1,091,943	1,578,057
				\$ 825,252	1,013,484	2,670,000		492,249	2,327,554
						Encumbrances \$	666,080		
						PY Encumbrances Cancelled	(15)		
						Cash Disbursement	1,022,868		
							\$ 1,688,933		
						Authorized Not Issued \$	2,536,000		
						Capital Improvement Fund	134,000		
							\$ 2,670,000		

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## Water Utility Capital Fund

Year ended December 31, 2018

	Due from/(to) Balance Dec. 31, 2017	Decreased	Due from/(to) Balance Dec. 31, 2018
Current Fund	\$ (2,750,000)		(2,750,000)
Water Utility Operating Fund	<u>(418,423)</u>	<u>16,522</u>	<u>(434,945)</u>
	<u>\$ (3,168,423)</u>	<u>16,522</u>	<u>(3,184,945)</u>
<u>Analysis</u>			
Due to Other Funds	<u>(3,168,423)</u>	<u>16,522</u>	<u>(3,184,945)</u>
	<u>\$ (3,168,423)</u>	<u>16,522</u>	<u>(3,184,945)</u>
Interest on Investments	\$	<u>16,522</u>	
		<u>\$ 16,522</u>	

**Exhibit D-18****BOROUGH OF FAIR LAWN, N.J.****Schedule of Capital Improvement Fund****Water Utility Capital Fund****Year ended December 31, 2018**

Balance, December 31, 2017	\$	24,730
Increased by:		
2018 Budget Appropriation		<u>135,000</u>
		159,730
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>134,000</u>
Balance, December 31, 2018	\$	<u><u>25,730</u></u>

**Exhibit D-19****Schedule of Reserve for Amortization****Water Utility Capital Fund****Year ended December 31, 2018**

Balance, December 31, 2017	\$	15,653,715
Increased by:		
Deferred Charge Funded by Budget	\$	360,283
Budget Appropriation - Serial Bond Principal		<u>415,000</u>
		<u>775,283</u>
Balance, December 31, 2018	\$	<u><u>16,428,998</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Deferred Reserve for Amortization

## Water Utility Capital Fund

Year ended December 31, 2018

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	Balance, Dec. 31, <u>2017</u>	<u>Increased</u>	Balance, Dec. 31, <u>2018</u>
2123	Improvement to Water System	August 19, 2008	\$ 19,771		19,771
2243	Various Improvements to Water System	September 11, 2012	160,487		160,487
2286	Impr. of Water Supply & Distribution System	July 16, 2013	21,320		21,320
2311	Impr. of Water Supply & Distribution System	April 8, 2014	27,250		27,250
2339	Various Improvements to Water System	April 14, 2015	38,200		38,200
2378	Impr. of Water Supply & Distribution System	April 19, 2016	55,000		55,000
2429	Impr. To Water Supply & Distribution System	April 25, 2017	86,000		86,000
2460	Impr. To Water Supply & Distribution System	April 17, 2018		134,000	134,000
			<u>\$ 408,028</u>	<u>134,000</u>	<u>542,028</u>
			Capital Improvement Fund \$	<u>134,000</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Water Utility Serial Bonds

## Water Utility Capital Fund

Year ended December 31, 2018

Purpose	Date of Issue	Original Issue	Maturities of bonds outstanding, December 31, 2018		Interest Rate	Balance, Dec. 31, 2017	Decreased	Balance, Dec. 31, 2018
			Date	Amount				
Water Improvements	Dec. 15, 2010	2,245,000	Dec. 15, 2019	200,000	3.00%	\$ 600,000	200,000	400,000
			Dec. 15, 2020	200,000	3.00%			
Water Improvements	Sept. 1, 2016	5,065,000	Sept. 1, 2019	225,000	2.000%	4,865,000	215,000	4,650,000
			Sept. 1, 2020	240,000	2.000%			
			Sept. 1, 2021	255,000	2.000%			
			Sept. 1, 2022	250,000	2.000%			
			Sept. 1, 2023	275,000	2.000%			
			Sept. 1, 2024	300,000	2.000%			
			Sept. 1, 2025	325,000	2.000%			
			Sept. 1, 2026	330,000	2.000%			
			Sept. 1, 2027	350,000	2.000%			
			Sept. 1, 2028	350,000	2.000%			
			Sept. 1, 2029	350,000	2.000%			
			Sept. 1, 2030	350,000	2.125%			
			Sept. 1, 2031	350,000	2.250%			
			Sept. 1, 2032	350,000	2.250%			
			Sept. 1, 2033	350,000	2.375%			
Refunding Bonds	Aug. 22, 2017	404,000	Dec. 15, 2021	202,000	3.000%	404,000		404,000
			Dec. 15, 2022	202,000	3.000%			
						\$ 5,869,000	415,000	5,454,000

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Bond Anticipation Notes Payable

## Water Utility Capital Fund

Year ended December 31, 2018

Ord. No.	<u>Improvement Description</u>	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Increased	Balance, Dec. 31, 2018
2429	Various Improvements to Water System	Sept. 13, 2018	Sept. 13, 2018	Sept. 13, 2019	3.00% \$	1,300,000	1,300,000
						<u>\$ 1,300,000</u>	<u>1,300,000</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## Water Utility Capital Fund

Year ended December 31, 2018

Ordinance Number	Improvement Description	Balance Dec. 31, 2017	2018 Authorizations	Decreased by:	Balance Dec. 31, 2018
2031	Multiple Purpose	\$ 233,607		233,607	
2054	Improvements to Water System	45,265		45,265	
2160	Improvements to Water System	81,411		81,411	
2218	Various Improvements to Water System	59			59
2286	Improvement of Water Supply & Distribution System	80			80
2378	Improvement of Water Supply & Distribution System	4,550			4,550
2429	Improvement of Water Supply & Distribution System	1,714,000		1,300,000	414,000
2460	Improvement of Water Supply & Distribution System		2,536,000		2,536,000
		<u>\$ 2,078,972</u>	<u>2,536,000</u>	<u>1,660,283</u>	<u>2,954,689</u>
			Budget Appropriation	360,283	
			Bond Anticipation Note Issuance	<u>1,300,000</u>	
				<u>\$ 1,660,283</u>	



**BOROUGH OF FAIR LAWN**

**PART II**

**LETTER ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

**COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2018**

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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## **INDEPENDENT AUDITOR'S 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**

Honorable Mayor and  
Members of the Borough Council  
Borough of Fair Lawn  
County of Bergen, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Fair Lawn in the County of Bergen as of and for the year ended December 31, 2018 and the related notes to the financial statements, and have issued our report thereon dated July 25, 2019, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Fair Lawn's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Fair Lawn's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Fair Lawn's internal control.

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



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


### **Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the Borough of Fair Lawn's financial statements-regulatory basis are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Fair Lawn in the accompanying comments and recommendations section of this report.

### **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 Borough of Fair Lawn's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Fair Lawn's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

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

  
FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

July 25, 2019

## **BOROUGH OF FAIR LAWN**

### **GENERAL COMMENTS**

#### **Contracts and Agreements**

N.J.S.A. 40A:11-3 states:

- a. When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198(C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made.

N.J.S.A. 40A:11-4 states:

- a. Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

## **BOROUGH OF FAIR LAWN**

### **GENERAL COMMENTS**

**(continued)**

Effective January 1, 2011, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$36,000. On July 1, 2015, this amount was increased to \$40,000.

The governing body of the Municipality 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 or agreement might result in violation of the statute, the Borough 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:

- Police Department Firearms Simulator
- Uniforms: Police, Special Police, School Crossing Guard
- Project #2260 - Senior Center Room Divider
- Project #2285 Scada System Improvements
- Chlorine - Accu-Tab Blue Calcium Hypochlorite Tablets - Memorial Pool
- Project #2289 - Water Meter Replacement Program Phase IV
- Lucus 3 Chest Compression System
- Project #2281 Roadway Improvements 2018
- Municipal Facilities HVAC Maintenance and Repair
- Solid Waste and Recyclable Materials Collection
- Curb & Sidewalk Improvement
- Project #2289 - Water Meter Replacement Program Phase IV
- Snow Plowing and Hauling Services
- Water & Sewage Pump Station Maintenance and Repair
- Uniforms: Fire Department and Fire Prevention Bureau
- Project #2265 - Fair Lawn Mini-Golf

Resolutions were adopted authorizing the awarding of contracts and agreements for "Professional Services" N.J.S. 40A:11-5.

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 material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

## **BOROUGH OF FAIR LAWN**

### **GENERAL COMMENTS**

**(continued)**

#### **Collection of Interest on Delinquent Taxes and Assessments**

The governing body on January 2, 2018 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, in accordance with the provisions of New Jersey Statute 54:4-67, the governing body of each municipality may, by resolution, fix the rate of interest to be charged for nonpayment of taxes or assessments, on or before the date on which they would become delinquent;

WHEREAS, R.S. 54:4-67 provides that the governing body by resolution, may provide that no interest shall be charged if payment of any installment is made within ten days after the date upon which the same become payable;

NOW, THEREFORE, BE IT RESOLVED that the Mayor and Council of the Borough of Fair Lawn do hereby fix the rate of 8% (eight percent) interest per annum up to \$1,500.00; 18% (eighteen percent) per annum thereafter to be charged for delinquent payment of any installments made ten days from the date upon which taxes become payable.

BE IT FURTHER RESOLVED that any installment received after the expiration of the grace period shall bear interest from the due date.

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

#### **Delinquent Taxes and Tax Title Liens**

A tax sale was held on April 3, 2018 and was complete.

Inspection of tax sale certificates on file 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>
2018	3
2017	3
2016	4

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.

**BOROUGH OF FAIR LAWN  
COMMENTS AND RECOMMENDATIONS  
DECEMBER 31, 2018**

**COMMENTS:**

**FINANCE**

1. There are General Capital and Water Utility Capital Improvement Authorizations greater than five years old that have unfunded portions outstanding creating cash deficits.

**MUNICIPAL COURT**

1. Tickets are not being assigned to officers in sequential order.

**DEPARTMENTS**

**Health Department:**

1. \*Amounts paid to the State for dog licenses and marriage licenses do not agree to collections received.

**Building Department:**

1. Deposits are not being made in a timely manner.

**BOROUGH OF FAIR LAWN  
COMMENTS AND RECOMMENDATIONS  
DECEMBER 31, 2018  
(CONTINUED)**

**RECOMMENDATIONS:**

**FINANCE**

1. That General Capital and Water Utility Capital Fund Improvement Authorizations greater than five years old be funded through a budget appropriation or the issuance of debt in order to fund cash deficits created by ordinance expenditures.

**MUNICIPAL COURT**

1. All tickets should be assigned to officers in sequential order.

**DEPARTMENTS**

**Health Department:**

1. \*That all collections for dog licenses and marriage licenses are remitted to the State.

**Building Department:**

1. All deposits should be made within 48 hours of collection in accordance with N.J.S.A. 40A:5-15.



## **BOROUGH OF FAIR LAWN**

### **Status of Prior Year Audit Findings/Recommendation**

A review was performed on all prior year recommendations and corrective action was taken on all except for recommendations marked with an asterisk "\*\*".

### **Acknowledgment**

We received the complete cooperation of all of the officials of the municipality and we greatly appreciate the courtesies extended to all members of the audit team.

Respectfully submitted,



Steven D. Wielkottz  
Registered Municipal Accountant  
No. CR00413



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants  
Pompton Lakes, New Jersey

July 25, 2019