

**BOROUGH OF FAIR LAWN**

**Financial Statements With  
Supplementary Information  
December 31, 2016**

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

# **BOROUGH OF FAIR LAWN**

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**BOROUGH OF FAIR LAWN**

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**PART I**

**REPORT OF AUDIT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY DATA  
YEAR ENDED DECEMBER 31, 2016**

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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, 2016 and 2015, 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, 2016, 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, 2016 and 2015, or changes in financial position for the years then ended.

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

As described in Note 14 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 \$1,314,675 and \$1,191,601 for 2016 and 2015, 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 effects of the matter 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 balances sheets and account group as of December 31, 2016 and 2015, 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, 2016 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.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017 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

The Honorable Mayor and  
Members of the Borough Council  
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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

June 29, 2017



**BOROUGH OF FAIR LAWN, N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**Current Fund**  
**December 31, 2016 and 2015**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 32,223,960	27,679,904
Change Fund	A-5	<u>630</u>	<u>630</u>
		<u>32,224,590</u>	<u>27,680,534</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	909,175	957,909
Tax Title Liens	A-8	22,872	23,245
Other Liens Receivable	A-9	629	629
Property Acquired for Taxes -			
Assessed Valuation	A-10	73,260	73,260
Revenue Accounts Receivable	A-11	51,769	32,284
Interfund Accounts Receivable	A-12	<u>2,185,098</u>	<u>2,155,989</u>
		<u>3,242,803</u>	<u>3,243,316</u>
Deferred Charges:			
Special Emergency Authorizations	A-13		<u>90,000</u>
			<u>90,000</u>
		<u>35,467,393</u>	<u>31,013,850</u>
Federal and State Grant Fund:			
Cash	A-4	345,939	155,857
Interfund Accounts Receivable	A-27	7,623	11,648
Grants Receivable	A-28	<u>306,483</u>	<u>342,292</u>
		<u>660,045</u>	<u>509,797</u>
		<u>\$ 36,127,438</u>	<u>31,523,647</u>

**BOROUGH OF FAIR LAWN, N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**Current Fund**  
**December 31, 2016 and 2015**

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-14 \$	3,877,539	2,360,892
Encumbrances Payable	A-3/A-15	1,232,100	2,955,695
Interfund Accounts Payable	A-12	496,360	502,012
Accounts Payable	A-16	2,088,619	335,355
Reserve for Other Expenditures	A-17	9,201,834	8,365,652
Reserve for Library Expenditures	A-18	45,863	17,977
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	A-19	171,868	163,968
Construction Training Fees	A-20	7,849	17,049
Tax Overpayments	A-21	46,176	18,247
Local School Taxes Payable	A-22	861,734	735,682
County Taxes Payable	A-23	34,291	51,571
SID Taxes Payable	A-24	2,930	210
Prepaid Taxes	A-25	802,632	641,817
Special Emergency Note	A-26		90,000
		<u>18,869,795</u>	<u>16,256,127</u>
Reserve for Receivables	Contra	3,242,803	3,243,316
Fund Balance	A-1	<u>13,354,795</u>	<u>11,514,407</u>
		<u>35,467,393</u>	<u>31,013,850</u>
Federal and State Grant Fund:			
Unappropriated Reserve for Grants	A-29	121,616	12,616
Appropriated Reserve for Grants	A-30	467,687	449,042
Encumbrances Payable	A-31	<u>70,742</u>	<u>48,139</u>
		<u>660,045</u>	<u>509,797</u>
	\$	<u>36,127,438</u>	<u>31,523,647</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues and Other Income:		
Fund Balance Utilized	3,650,000	3,500,000
Miscellaneous Revenue Anticipated	7,873,199	7,950,446
Receipts from Delinquent Taxes	950,482	1,028,863
Receipts from Current Taxes	130,967,803	128,121,385
Non-Budget Revenue	1,229,016	1,501,804
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,375,841	699,653
Prior Year Interfunds Returned		1,201,188
Accounts Payable Cancelled	40,879	
Total Revenues and Other Income	<u>146,087,220</u>	<u>144,003,339</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	19,259,251	19,950,700
Other Expenses	18,727,758	18,165,572
Capital Improvement Fund	315,000	200,000
Municipal Debt Service	3,486,825	3,645,078
Deferred Charges and Statutory Expenditures -		
Municipal	4,039,422	3,909,516
Local District School Tax	82,220,363	79,996,197
County Taxes including Added Taxes	11,420,122	10,912,909
Special Improvement District Taxes	272,920	269,653
Municipal Open Space Tax	209,828	208,348
Prior Year Open Space Taxes - Added/Omitted	989	
Prior Year Seniors & Vet Deductions	10,316	
Transfer to Prepaid Taxes	158,279	
Interfunds Advanced	6,593	25,311
Prior Year Refunds	469,166	240,724
Total Expenditures	<u>140,596,832</u>	<u>137,524,008</u>
Excess (Deficit) Revenue Over Expenditures	5,490,388	6,479,331
Fund Balance, January 1,	<u>11,514,407</u>	<u>8,535,076</u>
	17,004,795	15,014,407
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>3,650,000</u>	<u>3,500,000</u>
Fund Balance, December 31,	<u><u>13,354,795</u></u>	<u><u>11,514,407</u></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, 2016**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 3,650,000	3,650,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	37,300	43,170	5,870
Other	20,700	25,517	4,817
Fees and Permits	400,000	483,347	83,347
Fines and Costs:			
Municipal Court	425,000	545,726	120,726
Interest and Costs on Taxes	175,000	185,488	10,488
Interest on Investments and Deposits	30,000	64,683	34,683
Tax and Assessment Searches	100	60	(40)
Memorial Pool	300,000	371,583	71,583
Sewer User Charges	25,000	74,065	49,065
Uniform Fire Safety Act	208,000	231,760	23,760
Cable Television Fees	400,000	460,324	60,324
Hotel Tax	125,000	164,534	39,534
Ambulance	450,000	526,108	76,108
Consolidated Municipal Property Tax Relief Aid	26,389	26,389	
Energy Receipts Tax	3,718,144	3,718,144	
Uniform Construction Code Fees	920,000	846,583	(73,417)
Clean Communities Program	68,638	68,638	
Municipal Alliance on Alcoholism and Drug Abuse	15,279	15,279	
Federal OEM Grant	7,000	7,000	
Emergency Management Assistance Funding	5,000	5,000	
NJACCHO - Health Grant	4,650	4,650	
Body Armor	5,151	5,151	
Total Miscellaneous Revenues	7,366,351	7,873,199	506,848

## BOROUGH OF FAIR LAWN, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2016

Receipts from Delinquent Taxes	900,000	950,482	50,482
Subtotal General Revenues	11,916,351	12,473,681	557,330
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes Minimum Library Tax	35,893,816 1,531,914	38,612,656 1,531,914	2,718,840
Total Amount to be Raised by Taxation	37,425,730	40,144,570	2,718,840
Budget Totals	49,342,081	52,618,251	3,276,170
Non-Budget Revenue		1,229,016	1,229,016
	\$ 49,342,081	53,847,267	4,505,186

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 130,967,803
Allocated to School and County Taxes	\$ 93,640,485
Special District Taxes	272,920
Municipal Open Space Taxes	209,828
	94,123,233
Balance for Support of Municipal Budget Appropriations	36,844,570
Add : Appropriation - Reserve for Uncollected Taxes	3,300,000
Amount for Support of Municipal Budget Appropriations	\$ 40,144,570
Receipts from Delinquent Taxes:	
Delinquent Taxes	950,482
	\$ 950,482

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

**Current Fund**

**Year Ended December 31, 2016**

Analysis of Non-budget Revenues

Recreation Fees	\$ 119,430
Copies, Maps and Plans	7,153
Maps	138
Police Fees	886
Traffic Lights	6,290
Dumpster Fees	2,350
List of Property Owners	660
Jury Duty	10
Property Maintenance Charges	7,431
Bad Check Charge	100
Café License	1,300
Cell Tower Revenue	166,615
DMV Fees	1,750
Offsets Not Applied	555,201
Tax Sale Fee	7,555
Refunds	9,354
Void Checks	3,077
Police Resource Officer	96,853
Reimbursements	8
Vending Machine	476
Bus Shelter Revenue	4,800
County Snow Plowing	4,935
PVSC	45,981
Hep B Shots	225
Concessions	10,000
Shared Services	110,774
Auction	26,136
Misceallaneous	37,390
Flu Shots	2,138
	<hr/>
	\$ <u>1,229,016</u>

See accompanying notes to the financial statements.



## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2016

	<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	\$ 503,800	418,000	414,624	3,376	
Other Expenses	120,200	117,700	101,028	16,672	
Mayor and Council:					
Salaries and Wages	10,000	10,010	10,000	10	
Other Expenses	192,900	192,900	192,383	517	
Cultural Center					
Salaries and Wages		90,030	90,004	26	
Other Expenses		2,600	2,521	79	
Municipal Clerk:					
Salaries and Wages	285,800	285,800	283,794	2,006	
Other Expenses	63,000	63,000	51,869	11,131	
Financial Administration:					
Salaries and Wages	292,500	252,500	235,763	16,737	
Other Expenses	108,000	108,000	105,195	2,805	
Assessment of Taxes:					
Salaries and Wages	222,900	222,900	222,293	607	
Other Expenses	51,400	51,400	46,352	5,048	
Collection of Taxes:					
Salaries and Wages	131,700	137,100	116,744	20,356	
Other Expenses	38,500	38,500	37,966	534	
Legal Services and Cost:					
Other Expenses	272,000	222,000	172,684	49,316	
Labor Attorney:					
Other Expenses	85,000	85,000	60,000	25,000	
Engineering Services and Costs:					
Salaries and Wages	389,300	359,300	341,764	17,536	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Other Expenses	12,400	12,400	9,929	2,471	
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					
Planning Board:					
Salaries and Wages	17,400	17,400	14,359	3,041	
Other Expenses	34,900	34,900	14,871	20,029	
Zoning Board of Adjustment:					
Salaries and Wages	9,600	9,600	7,900	1,700	
Other Expenses	35,500	35,500	17,484	18,016	
Insurance:					
Self Insurance Program					
Liability Insurance (N.J.S.A. 40:10-12)	500,000	500,000	465,848	34,152	
Workers Compensation Insurance					
(N.J.S.A. 40:10-12)	775,000	775,000	456,546	318,454	
Group Insurance Plan for Employee's:					
Health Insurance - Not Self Funded	6,592,000	6,592,000	5,055,581	1,536,419	
Other Insurance Premiums	128,000	128,000	84,936	43,064	
Unemployment Compensation Insurance					
(N.J.S.A. 43:21-3)	90,000	90,000	90,000		

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2016

	<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	8,791,100	8,803,100	8,627,705	175,395	
Other Expenses	372,500	372,500	368,734	3,766	
Police Dispatch:					
Salaries and Wages	443,000	408,000	361,238	46,762	
Emergency Management:					
Salaries and Wages	29,000	29,000	25,178	3,822	
Other Expenses	144,700	144,700	124,121	20,579	
Fire:					
Salaries and Wages	3,100	7,300	5,178	2,122	
Other Expenses	235,600	235,600	234,708	892	
Ambulance:					
Other Expenses	112,250	112,250	85,088	27,162	
Uniform Fire Safety Act: (P.L. 1983 Chap 383)					
Salaries and Wages	260,100	195,100	181,105	13,995	
Other Expenses	15,150	15,150	6,208	8,942	
Municipal Prosecutor:					
Salaries and Wages	21,300	21,300	20,650	650	
Municipal Court					
Salaries and Wages	263,900	263,900	258,087	5,813	
Other Expenses	29,650	29,650	26,819	2,831	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2016

	<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	762,600	762,600	728,898	33,702	
Other Expenses	99,700	134,700	103,824	30,876	
Shade Tree:					
Salaries and Wages	524,900	524,900	471,817	53,083	
Other Expenses	60,100	60,100	58,791	1,309	
Electrical Services:					
Salaries and Wages	68,900	71,200	67,648	3,552	
Other Expenses	14,750	14,750	11,590	3,160	
Public Buildings and Grounds:					
Salaries and Wages	220,100	220,100	209,887	10,213	
Other Expenses	103,250	108,250	99,677	8,573	
Maintenance Garage:					
Salaries and Wages	289,000	289,000	267,540	21,460	
Other Expenses	218,150	218,150	201,659	16,491	
Community Services Act:					
Other Expenses	25,000	25,000	11,750	13,250	
Administration of Public Works:					
Salaries and Wages	202,000	204,490	204,486	4	
Other Expenses	18,150	53,150	49,795	3,355	
Sanitation:					
Sewer System:					
Salaries and Wages	492,800	492,800	432,121	60,679	
Other Expenses	120,600	120,600	120,557	43	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Recycling:					
Salaries and Wages	325,000	325,000	308,480	16,520	
Other Expenses	447,400	762,400	738,024	24,376	
Health and Human Services:					
Health Department:					
Salaries and Wages	407,300	407,300	382,090	25,210	
Other Expenses	119,450	59,450	49,889	9,561	
Administration of Social Services:					
Salaries and Wages	56,000	56,000	47,969	8,031	
Other Expenses	1,700	1,700	792	908	
Mental Health Program (N.J.S.A. 40:5-9):					
Contractual	12,200	12,200	12,200		
Animal Control					
Other Expenses		60,000	43,420	16,580	
Recreation and Parks:					
Recreation:					
Salaries and Wages	1,430,800	1,430,800	1,396,879	33,921	
Other Expenses	144,500	105,120	83,521	21,599	
Recreation-Special Clubs					
Other Expenses		65,300	61,551	3,749	
Parks and Playgrounds:					
Salaries and Wages	688,000	688,000	650,394	37,606	
Other Expenses	87,100	92,100	89,938	2,162	
Celebration of Public Events:					
Other Expenses	47,000	49,000	48,913	87	
Veterans' Service Bureau:					
Other Expenses	8,300	8,300	3,998	4,302	
Unclassified:					

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Terminal Leave:					
Salaries and Wages	179,000	179,000	140,312	38,688	
Salaries and Wages Adjustment	71,500	1,400		1,400	
Postage:					
Other Expenses	73,000	73,000	64,429	8,571	
Purchase of Vehicle & Equipment	30,000	30,000	30,000		
Utility Expenses and Bulk Purchases					
Electricity	450,000	580,000	532,382	47,618	
Heating Oil	15,000	15,000	4,087	10,913	
Gas	124,000	124,000	61,983	62,017	
Gasoline	400,000	210,000	87,018	122,982	
Diesel		110,000	44,973	65,027	
Street Lighting	325,000	325,000	309,240	15,760	
Telephone, Internet & Communication Lines	156,000	145,000	136,927	8,073	
Surveillance Camera System		5,000	1,226	3,774	
Cable/TV		6,000	4,160	1,840	
Landfill and Solid Waste Disposal Costs					
Garbage and Trash Removal:					
Contractual	960,000	960,000	947,000	13,000	
Other Expenses	1,066,000	1,016,000	931,610	84,390	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Uniform Construction Code:					
Construction Code Official:					
Salaries and Wages	806,300	791,300	756,855	34,445	
Other Expenses	11,150	11,150	7,470	3,680	
Public Defender					
Salaries and Wages	7,500	7,500	6,250	1,250	
Total Operations within "CAPS"	33,352,350	33,500,900	30,051,277	3,449,623	
B. Contingent	1,000	1,000		1,000	
Total Operations Including Contingent-within "CAPS"	33,353,350	33,501,900	30,051,277	3,450,623	
Detail:					
Salaries & Wages	18,206,200	17,981,730	17,288,012	693,718	
Other Expenses (Including Contingent)	15,147,150	15,520,170	12,763,265	2,756,905	
(2) STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	1,327,034	1,327,034	1,327,034		
Social Security System (O.A.S.I.)	1,100,000	949,000	810,346	138,654	
Consolidated Police and Firemen's Pension	10,000	10,000	336	9,664	
Police and Firemen's Retirement System of N.J.	1,644,600	1,644,600	1,644,600		
DCRP	17,000	17,000	10,089	6,911	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	4,098,634	3,947,634	3,792,405	155,229	
Total General Appropriations for Municipal Purposes within "CAPS"	37,451,984	37,449,534	33,843,682	3,605,852	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Passaic Valley Sewer Commission:					
Share of Costs	1,820,000	1,820,000	1,764,452	55,548	
Maintenance of Free Public Library					
Salaries and Wages	1,327,521	1,277,521	1,234,581	42,940	
Other Expenses	599,570	1,149,570	993,508	156,062	
LOSAP Program					
Contribution	80,000	81,800	81,763	37	
Health Benefits	500,000				
Recycling Tax Appropriation	40,500	40,500	24,393	16,107	
Total Other Operations - Excluded from "CAPS"	4,367,591	4,369,391	4,098,697	270,694	
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		
Matching Fund Grants	6,181	6,181	6,181		
OEM	12,000	12,000	12,000		
Clean Communities Grant (N.J.S.A. 13:1e-99.2)	68,638	68,638	68,638		
NJACCCHO	4,650	4,650	4,650		
Body Armor Grant	5,151	5,151	5,151		
Total Public and Private Programs Offset by Revenues	115,718	115,718	115,718		



## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2016

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total Operations-Excluded from "CAPS"	4,483,309	4,485,109	4,214,415	270,694	
Detail:					
Salaries and Wages	1,327,521	1,277,521	1,234,581	42,940	
Other Expenses	3,155,788	3,207,588	2,979,834	227,754	
Capital Improvement Fund	215,000	215,000	215,000		
Acquisition of Equipment	100,000	100,000	99,007	993	
Total Capital Improvements Excluded from "CAPS"	315,000	315,000	314,007	993	
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	1,990,000	1,990,000	1,990,000		153,000
Payment of Note Principal	153,000	153,000			57,631
Interest on Bonds	470,000	470,000	412,369		1,499
Interest on Notes	293,000	293,650	292,151		
Bergen County Improvement Authority					
Payment of Bond Principal	410,000	410,000	410,000		1,695
Interest on Bonds	384,000	384,000	382,305		
Total Municipal Debt Service-Excluded from "CAPS"	3,700,000	3,700,650	3,486,825		213,825
Deferred Charges and Statutory Expenditures-					
Municipal excluded from "CAPS"					
(1) DEFERRED CHARGES:					
Special Emergency Authorization -					
5 Years (N.J.S. 40A:4-55)	90,000	90,000	90,000		
Deferred Charges Unfunded	1,788	1,788	1,788		

**BOROUGH OF FAIRLAWN, N.J.**

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2016**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total Deferred Charged and Statutory Expenditures-Municipal exclude from "CAPS"	91,788	91,788	91,788		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	8,590,097	8,592,547	8,107,035	271,687	213,825
Subtotal General Appropriations	46,042,081	46,042,081	41,950,717	3,877,539	213,825
Reserve for Uncollected Taxes	3,300,000	3,300,000	3,300,000		
Total General Appropriations	\$ 49,342,081	49,342,081	45,250,717	3,877,539	213,825
Adopted Budget \$		49,251,642			
Appropriation by 40:A4-87		90,439			
	\$	<u>49,342,081</u>			
Reserve for Uncollected Taxes \$			3,300,000		
Federal and State Grants			115,718		
Deferred Charges			91,788		
Interfunds			10,000		
Encumbrances			1,232,100		
Cash			40,501,111		
	\$		<u>45,250,717</u>		

See accompanying notes to the financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Animal Trust Fund:			
Cash	B-1	<u>91,157</u>	<u>66,681</u>
Other Trust Funds:			
Cash	B-1	<u>1,793,105</u>	<u>1,431,454</u>
Unemployment Compensation Insurance Trust Fund:			
Cash	B-1	300,446	258,896
Interfund Accounts Receivable	B-5	<u>                    </u>	<u>3,551</u>
		<u>300,446</u>	<u>262,447</u>
Self-Insurance Trust Fund:			
Cash	B-1	<u>7,384,885</u>	<u>7,457,048</u>
Council on Affordable Housing Trust			
Cash	B-1	<u>47,986</u>	<u>25,440</u>
Free Public Library Trust Fund:			
Cash	B-1	<u>113,755</u>	<u>113,297</u>
Cafeteria Plan Trust Fund:			
Cash	B-1	<u>23,605</u>	<u>19,643</u>
Veteran's Affairs			
Cash	B-1	<u>14,945</u>	<u>6,643</u>
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Cash in Plan	B-1	1,232,730	1,111,653
Service Award Contributions Receivable	B-18	<u>81,945</u>	<u>79,948</u>
		<u>1,314,675</u>	<u>1,191,601</u>
	\$	<u><u>11,084,559</u></u>	<u><u>10,574,254</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves &amp; Fund Balance</u>			
Animal Trust Fund:			
Prepaid Licenses	B-2	6,786	6,813
Animal Trap Deposits	B-3	7,840	7,840
Due to State of New Jersey	B-4	1,075	42
Interfund Accounts Payable	B-5	20,674	249
Reserve for Animal Trust Fund Expenditures	B-9	54,782	51,737
		<u>91,157</u>	<u>66,681</u>
Other Trust Fund:			
Due to State of New Jersey	B-4	780	925
Interfund Accounts Payable	B-5	4,253	2,491
Sundry Reserve and Deposits	B-6	1,072,890	766,044
Escrow Reserves and Deposits	B-7	424,080	426,591
Donation Reserves and Deposits	B-8	291,102	235,403
		<u>1,793,105</u>	<u>1,431,454</u>
Unemployment Compensation Insurance Trust Fund:			
Due to State of New Jersey	B-4	993	10,390
Interfund Accounts Payable	B-5	555	234
Reserve for Unemployment Compensation Insurance Expenditures	B-10	298,898	251,823
		<u>300,446</u>	<u>262,447</u>
Self-Insurance Trust Fund:			
Interfund Accounts Payable	B-5	17,788	10,584
Reserve for:			
Worker's Compensation Expenditures	B-11	874,995	482,738
Liability Insurance Expenditures	B-12	2,170,239	1,838,161
Health Benefits Plan	B-13	4,321,863	5,125,565
		<u>7,384,885</u>	<u>7,457,048</u>
Council on Affordable Housing Trust			
Reserve for Expenditures	B-14	47,986	25,440
		<u>47,986</u>	<u>25,440</u>

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves &amp; Fund Balance (Cont...)</u>			
Free Public Library Trust Fund:			
Reserve for Library Trust Expenditures	B-15	21,284	20,826
Reserve for Restricted Trust Expenditures	B-16	<u>92,471</u>	<u>92,471</u>
		<u>113,755</u>	<u>113,297</u>
Cafeteria Plan Trust Fund:			
Interfund Accounts Payable	B-5	465	446
Reserve for Cafeteria Plan Expenditures	B-17	<u>23,140</u>	<u>19,197</u>
		<u>23,605</u>	<u>19,643</u>
Veteran's Affairs Trust Fund:			
Interfund Accounts Payable	B-5	14	3
Reserve for Veteran's Affairs Expenditures	B-20	<u>14,931</u>	<u>6,640</u>
		<u>14,945</u>	<u>6,643</u>
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Net Assets Available for Benefits	B-19	<u>1,314,675</u>	<u>1,191,601</u>
		<u>\$ 11,084,559</u>	<u>10,574,254</u>

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 6,769,903	5,020,439
Grants Receivable:			
State and County Grants	C-4	731,872	387,764
Local Grants	C-5	9,104	24,642
Federal Grants	C-6	1,479,621	1,325,002
Interfunds Accounts Receivable	C-17	1,040,000	1,040,000
Deferred Charges to Future Taxation:			
Funded	C-7	33,100,000	21,680,000
Unfunded	C-8	5,329,803	15,837,803
		<u>\$ 48,460,303</u>	<u>45,315,650</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-9	\$ 23,400,000	11,570,000
Capital Leases Payable	C-10	9,700,000	10,110,000
Bond Anticipation Notes Payable	C-11	5,065,000	14,624,000
Special Reserves	C-12	64,922	861,886
Improvement Authorizations:			
Funded	C-13	2,162,014	761,102
Unfunded	C-13	3,000,789	3,341,719
Encumbrances Payable	C-14	2,982,298	2,026,113
Reserve for Unappropriated State Grant	C-15	15,464	15,464
Capital Improvement Fund	C-16	196,239	187,697
Interfunds Payable	C-17	416,789	416,191
Reserve for Grants Receivable	C-18	18,243	18,243
Fund Balance	C-1	<u>1,438,545</u>	<u>1,383,235</u>
		<u>\$ 48,460,303</u>	<u>45,315,650</u>

There were \$264,803 and \$1,213,803 of Bonds and Notes Authorized But Not Issued on December 31, 2016 and 2015 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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Balance - December 31,	\$ 1,383,235	1,002,586
Increased by:		
Premium on Bond Anticipation Notes	<u>55,310</u>	<u>380,649</u>
Balance - December 31,	<u>\$ 1,438,545</u>	<u>1,383,235</u>

See accompanying notes to the financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Water Utility Fund

December 31, 2016 and 2015

<u>Assets</u>	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 5,945,057	5,247,941
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	683,904	496,770
Inventory - Materials and Supplies	D-9	222,281	95,864
		906,185	592,634
Interfund Accounts Receivable	D-7	439,383	432,320
Total Water Utility Operating Fund		7,290,625	6,276,492
Capital Fund:			
Cash - Treasurer	D-5,D-6	3,932,887	3,395,454
Fixed Capital	D-10	17,630,815	17,630,815
Fixed Capital Authorized and Uncompleted	D-11	4,578,900	3,438,900
Total Capital Fund		26,142,602	24,465,169
		\$ 33,433,227	30,741,661



## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Water Utility Fund

December 31, 2016 and 2015

	<u>Ref.</u>	<u>2016</u>	<u>2015</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-12	543,532	272,211
Reserve for Encumbrances	D-4	445,384	327,722
Accounts Payable	D-13	61,089	3,234
Water Rent Overpayments	D-14	16,854	9,968
Accrued Interest on Bonds	D-15	35,871	21,008
		<u>1,102,730</u>	<u>634,143</u>
Reserve for Receivables	Contra	906,185	592,634
Fund Balance	D-1	<u>5,281,710</u>	<u>5,049,715</u>
Total Water Utility Operating Fund		<u>7,290,625</u>	<u>6,276,492</u>
Capital Fund:			
Encumbrance Payable	D-16	338,434	472,877
Interfund Accounts Payable	D-18	2,704,893	2,701,427
Serial Bonds Payable	D-22	6,265,000	1,450,000
Bond anticipation notes payable	D-23		3,410,000
Improvement authorization:			
Funded	D-17	1,049,630	
Unfunded	D-17	4,630	945,850
Capital Improvement Fund	D-19	21,230	31,230
Reserve for:			
Amortization	D-20	15,257,715	15,051,863
Deferred Amortization	D-21	322,028	267,028
Fund Balance	D-2	<u>179,042</u>	<u>134,894</u>
Total Capital Fund		<u>26,142,602</u>	<u>24,465,169</u>
		<u>\$ 33,433,227</u>	<u>30,741,661</u>

There were \$364,972 and \$934,972 of Bonds and Notes Authorized But Not Issued on December 31, 2016 and 2015 respectively (Exhibit D-24).

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenue and other income:		
Fund Balance Utilized	\$ 575,600	375,600
Water rents	6,421,435	6,591,500
Miscellaneous Revenue	56,581	97,580
Canceled Accounts Payable	3,234	
Cancelled Overpayments	18,076	
Unexpended Balance of Appropriation Reserves	<u>186,688</u>	<u>1,044,070</u>
Total revenue and other income	<u>7,261,614</u>	<u>8,108,750</u>
Expenditures:		
Operating	5,872,850	5,524,490
Capital improvements	56,000	40,000
Debt service	380,169	435,770
Deferred charges and statutory expenditures	<u>145,000</u>	<u>203,500</u>
Total expenditures	<u>6,454,019</u>	<u>6,203,760</u>
Statutory excess to Surplus	807,595	1,904,990
Fund balance, January 1	<u>5,049,715</u>	<u>3,520,325</u>
	5,857,310	5,425,315
Decreased by:		
Utilization by water operating budget	<u>575,600</u>	<u>375,600</u>
Balance, December 31	<u>\$ 5,281,710</u>	<u>5,049,715</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>2016</u>	<u>2015</u>
Balance, December 31, 2015	\$ 134,894	\$ 134,894
Increased by:		
Adjustment to Reserve for Amortization	<u>44,148</u>	<u>          </u>
Balance, December 31, 2016	\$ <u>179,042</u>	\$ <u>134,894</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, 2016

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 575,600	575,600	
Rents	5,960,000	6,421,435	461,435
Miscellaneous	<u>4,300</u>	<u>56,581</u>	<u>52,281</u>
	<u>\$ 6,539,900</u>	<u>7,053,616</u>	<u>513,716</u>

Analysis of Realized Revenue

	Rents \$	6,421,435
Water Capital Surplus		<u>575,600</u>
		<u>6,997,035</u>
Interest on Investments		13,729
Due from Water Capital Fund - Interest on investments		3,466
Other miscellaneous		<u>39,386</u>
		<u>56,581</u>
	\$	<u>7,053,616</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, 2016

	Appropriations				
	Budget	Budget after modifi- cation	Paid or charged	Reserved	Cancelled
Operating:					
Salaries and Wages	\$ 1,992,500	2,072,600	1,985,513	87,087	
Other Expenses	3,386,250	3,310,250	2,973,078	337,172	
Health Benefits	490,000	490,000	386,824	103,176	
Total Operating	5,868,750	5,872,850	5,345,415	527,435	
Capital Improvements:					
Capital Improvement Fund	45,000	45,000	45,000		
Capital Outlay	11,000	11,000	9,000	2,000	
Total Capital Improvements	56,000	56,000	54,000	2,000	
Debt Service:					
Payment of Bond Principal	250,000	250,000	250,000		
Payment of Bond Anticipation Note Principal	100,000	60,000			60,000
Interest on Bonds	46,850	87,850	61,969		25,881
Interest on Bond Anticipation Notes	68,200	68,200	68,200		
Total Debt Service	465,050	466,050	380,169		85,881
Deferred Charges and Statutory Expenditures:					
Deferred Charges -					
Salary and Wage Adjustment	5,100				
Statutory Expenditures - Contribution to:					
Social Security System (O.A.S.I.)	145,000	145,000	130,903	14,097	
Total Deferred Charges and Statutory Expenditures	150,100	145,000	130,903	14,097	
	\$ 6,539,900	6,539,900	5,910,487	543,532	85,881
			Cash Disbursed	5,403,134	
			Reserve for Encumbrances	445,384	
			Accrued Interest on Bonds	61,969	
				\$ 5,910,487	

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>General Fixed Assets:</u>		
Land	\$ 87,660,900	87,660,900
Buildings	18,314,600	18,314,600
Machinery and Equipment	<u>14,984,737</u>	<u>14,786,020</u>
	\$ <u>120,960,237</u>	<u>120,761,520</u>
 Investment in Fixed Assets	 \$ <u>120,960,237</u>	 <u>120,761,520</u>

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Statement of Net Payroll and Withholdings Payable

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash		
Net Payroll	\$ <u>11,581</u>	<u>14,849</u>
	\$ <u><u>11,581</u></u>	<u><u>14,849</u></u>
<u>Liabilities:</u>		
Withholdings	\$ 1,268	1,381
Due to Current Fund	10,313	9,917
Due to Unemployment		
Compensation Trust Fund	<u>                    </u>	<u>3,551</u>
	\$ <u><u>11,581</u></u>	<u><u>14,849</u></u>

See accompanying notes to financial statements.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**

**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, 2016 and 2015**  
**(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, 2016 and 2015**  
**(continued)**

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

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

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:

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

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

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

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, 2016 and 2015**  
**(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, 2016 and 2015, the Governing Body approved additional revenues and appropriations of \$90,439 and \$333,262, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the Governing Body in 2016 and 2015.

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, 2016 and 2015**  
**(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, 2016 and 2015**  
**(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, 2016 and 2015**  
**(continued)**

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

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

Recent Accounting Pronouncements

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment 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. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

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

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

Recent Accounting Pronouncements, (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the



**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

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

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

Recent Accounting Pronouncements, (continued)

election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

In January 2016, the Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Borough does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, *Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

**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.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**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).

*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<sup>th</sup> 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<sup>th</sup> 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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

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

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

Benefits Provided, (continued)

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.

*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, 2016 and 2015**  
**(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>
2016	\$1,327,034	\$1,644,600	\$7,584
2015	1,228,661	1,516,355	10,537
2014	1,158,566	1,405,831	

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(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, 2016, the Borough had a liability of \$45,725,166 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the Borough's proportion was 0.1543875564 percent, which was an increase/(decrease) of 0.00003314 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Borough recognized pension expense of \$1,327,034. At December 31, 2016, 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	\$850,349	\$
Changes of assumptions	9,471,812	
Net difference between projected and actual earnings on pension plan investments	1,743,542	
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>622,837</u>	<u>          </u>
Total	<u>\$12,688,540</u>	<u>\$</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(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, 2016) 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:	
2017	\$2,716,484
2018	2,716,484
2019	3,147,138
2020	2,644,056
2021	841,542

**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 5.57, 5.72 and 6.44 years for 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$8,685,338,380	\$3,578,755,666
Collective deferred inflows of resources	870,133,595	993,410,455
Collective net pension liability	29,617,131,759	22,447,996,119
Borough s Proportion	.1543875564%	.1543544154%

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(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 total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 Percent
Salary Increases:	
Through 2016	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.65 Percent

The actuarial assumptions used in the June 30, 2015 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 plans actuary's modified MP-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 and a one year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. 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, 2016 and 2015**  
**(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 (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%



**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(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 3.98% and 4.90% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, 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 contributed 30% 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 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, 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, 2016, 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, 2016		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>2.98%</u>	<u>3.98%</u>	<u>4.98%</u>
Borough's proportionate share of the pension liability	\$56,030,854	\$45,725,166	\$37,216,927

**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, 2016 and 2015**  
**(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, 2016, the Borough had a liability of \$41,892,310 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016, the Borough's proportion was 0.2193020948 percent, which was an increase of 0.01697715 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the Borough recognized pension expense of \$1,644,600. At December 31, 2016, 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	\$	\$274,610
Changes of assumptions	5,802,429	
Net difference between projected and actual earnings on pension plan investments	2,935,310	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>2,696,898</u>	<u>          </u>
Total	<u>\$11,434,637</u>	<u>\$274,610</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2016) 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:	
2017	\$2,025,869
2018	2,025,869
2019	2,729,638
2020	1,614,128
2021	67,625

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(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 5.58, 5.53 and 6.17 years for 2016, 2015 and 2014 amounts, respectively.

**Additional Information**

Local Group Collective balances at June 30, 2016 and June 30, 2015 are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Collective deferred outflows of resources	\$4,547,316,543	\$3,512,729,953
Collective deferred inflows of resources	688,197,590	871,083,367
Collective net pension liability	20,706,699,056	16,656,514,197
Borough's Proportion	.2193020948%	.2023249422%

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which rolled forward to June 30, 2016. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.08 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	7.65 Percent

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(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**

Pre-retirement mortality rates were based on the RP-2000 Pre-retirement mortality tables projected thirteen years using Projection Scale BB and then projected on a generational basis using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for male service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and two years using the plan actuary's modified 2014 projection scales. Post-retirement mortality rates for female service retirements and beneficiaries are based on the RP-2000 Combined Healthy Mortality Tables projected thirteen years using Projection Scale BB and then two years using the plan actuary's modified 2014 projection scales, which was further projected on a generational basis using the plan actuary's modified 2014 projection scales. Disability mortality rates were based on special mortality tables used for the period after disability.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(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>
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Markets	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Returns	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

**Discount Rate**

The discount rate used to measure the total pension liability was 5.55% and 5.79% as of June 30, 2016 and 2015, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% and 3.80% as of June 30, 2016 and 2015, respectively, 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 30% 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 2050. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2050, 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, 2016 and 2015**  
**(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, 2016 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:

	<u>June 30, 2016</u>		
	1% Decrease <u>4.55%</u>	At Current Discount Rate <u>5.55%</u>	1% Increase <u>6.55%</u>
Borough's proportionate share of the pension liability	\$55,035,240	\$41,892,310	\$31,175,041

**Pension Plan Fiduciary Net Position**

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

**NOTE 3. MUNICIPAL DEBT**

Long-term debt as of December 31, 2016 and 2015 consisted of the following:

	<u>Balance Dec. 31 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2016</u>	<u>Amounts Due Within One Year</u>
Bonds Payable:					
General Obligation Debt	\$11,570,000	\$13,820,000	\$1,990,000	\$23,400,000	\$1,980,000
Water Utility Obligation Debt	<u>1,450,000</u>	<u>5,065,000</u>	<u>250,000</u>	<u>6,265,000</u>	<u>400,000</u>
Total Bonds Payable	<u>13,020,000</u>	<u>18,885,000</u>	<u>2,240,000</u>	<u>29,665,000</u>	<u>2,380,000</u>
Other Liabilities:					
Capital Leases Payable	10,110,000		410,000	9,700,000	415,000
Compensated Absences Payable	<u>2,437,127</u>	<u>94,070</u>	<u>261,690</u>	<u>2,269,507</u>	<u>415,000</u>
Total Other Liabilities	<u>12,547,127</u>	<u>94,070</u>	<u>671,690</u>	<u>11,969,507</u>	<u>415,000</u>
	<u>\$25,567,127</u>	<u>\$18,979,070</u>	<u>\$2,911,690</u>	<u>\$41,634,507</u>	<u>\$2,795,000</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

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

	Balance Dec. 31 2014	Additions	Reductions	Balance Dec. 31, 2015	Amounts Due Within One Year
Bonds Payable:					
General Obligation Debt	\$13,495,000	\$	\$1,925,000	\$11,570,000	\$1,990,000
Water Utility Obligation Debt	<u>1,710,000</u>	<u>      </u>	<u>260,000</u>	<u>1,450,000</u>	<u>250,000</u>
Total Bonds Payable	<u>15,205,000</u>	<u>      </u>	<u>2,185,000</u>	<u>13,020,000</u>	<u>2,240,000</u>
Other Liabilities:					
Capital Leases Payable	10,515,000		405,000	10,110,000	410,000
Compensated Absences Payable	<u>2,644,281</u>	<u>      </u>	<u>207,154</u>	<u>2,437,127</u>	<u>      </u>
Total Other Liabilities	<u>13,159,281</u>	<u>      </u>	<u>612,154</u>	<u>12,547,127</u>	<u>410,000</u>
	<u>\$28,364,281</u>	<u>\$</u>	<u>\$2,797,154</u>	<u>\$25,567,127</u>	<u>\$2,650,000</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)

	Year 2016	Year 2015	Year 2014
<u>Issued:</u>			
General Bonds, Notes and Loans	\$28,465,000	\$26,194,000	\$22,204,800
General Capital - Capital Lease	9,700,000	10,110,000	10,515,000
Water Utility - Bonds and Notes	<u>6,265,000</u>	<u>4,860,000</u>	<u>4,189,000</u>
	<u>44,430,000</u>	<u>41,164,000</u>	<u>36,908,800</u>
<u>Authorized But Not Issued:</u>			
General Bonds and Notes	264,803	1,213,803	4,239,203
Water Utility - Bonds and Notes	<u>364,972</u>	<u>934,972</u>	<u>1,269,172</u>
	<u>629,775</u>	<u>2,148,775</u>	<u>5,508,375</u>
Total Bonds, Notes and Loans Issued and Authorized Not issued	45,059,775	43,312,775	42,417,175
Less deductions	<u>6,665,904</u>	<u>7,603,863</u>	<u>5,484,211</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$38,393,871</u>	<u>\$35,708,912</u>	<u>\$36,932,964</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(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 .835% for 2016.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$25,602,000	\$25,602,000	\$0
Water Utility Debt	6,629,972	6,629,972	0
General Debt	<u>38,429,803</u>	<u>35,932</u>	<u>38,393,871</u>
	<u>\$70,661,775</u>	<u>\$32,267,904</u>	<u>\$38,393,871</u>

Net debt of \$38,393,871 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$4,598,429,724 equals .835% for 2016.

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 .796% for 2015.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$26,687,000	\$26,687,000	\$0
Water Utility Debt	5,794,972	5,794,972	0
General Debt	<u>37,517,803</u>	<u>1,808,891</u>	<u>35,708,912</u>
	<u>\$69,999,775</u>	<u>\$34,290,863</u>	<u>\$35,708,912</u>

Net debt of \$35,708,912 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$4,487,517,201 equals .796% for 2015.



**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

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

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

	<u>2016</u>	<u>2015</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$160,945,040	\$157,063,102
Net Debt	<u>38,393,871</u>	<u>35,708,912</u>
Remaining Borrowing Power	<u>\$122,551,169</u>	<u>\$121,354,190</u>

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

	<u>2016</u>	<u>2015</u>
Cash receipts from fees, rents or other charges for year	<u>\$7,053,616</u>	<u>\$7,064,680</u>
Deductions:		
Operating and Maintenance Cost	6,017,850	5,727,990
Debt Service per Water Account	<u>380,169</u>	<u>435,769</u>
Total Deductions	<u>6,398,019</u>	<u>6,163,759</u>
Excess in Revenue - "Self Liquidating"	<u>\$655,597</u>	<u>\$900,921</u>

The Borough's long-term debt consisted of the following at December 31, 2016 and 2015:

Paid by Current Fund:

<u>General Obligation Bonds</u>	<u>2016</u>	<u>2015</u>
\$15,225,000, 2001 Bonds due in annual installments of \$675,000.00 to \$1,205,000 through June 2017, interest at 4.00 to 4.625%	\$	\$1,205,000
\$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%	9,580,000	10,365,000
\$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%	<u>13,820,000</u>	<u>                    </u>
Total General Serial Bonds	<u>23,400,000</u>	<u>11,570,000</u>

Paid by Water and Sewer Utility Fund:

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

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

Paid by Water and Sewer Utility Fund:

	<u>2016</u>	<u>2015</u>
Water and Sewer Utility Serial Bonds		
\$715,000 2001 Bonds due in annual installments of \$35,000 to \$60,000 through June 2017, interest at 4.250% to 4.700%	\$	\$50,000
\$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%	1,200,000	1,400,000
\$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%	<u>5,065,000</u>	<u>                    </u>
Total Water and Sewer Utility Bonds	<u>6,265,000</u>	<u>1,450,000</u>
Total Serial Bonds	<u>\$29,665,000</u>	<u>\$13,020,000</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>
2017	\$3,121,663	\$1,980,000	\$600,363	\$400,000	\$141,300
2018	3,141,263	2,030,000	562,963	415,000	133,300
2019	2,981,313	1,920,000	513,313	425,000	123,000
2020	3,003,213	1,985,000	465,713	440,000	112,500
2021	2,920,525	1,950,000	414,325	455,000	101,200
2022-2026	11,838,181	8,490,000	1,305,681	1,680,000	362,500
2027-2031	7,248,638	5,045,000	261,575	1,750,000	192,063
2032-2033	<u>724,500</u>	<u>                    </u>	<u>                    </u>	<u>700,000</u>	<u>24,500</u>
	<u>\$34,979,296</u>	<u>\$23,400,000</u>	<u>\$4,123,933</u>	<u>\$6,265,000</u>	<u>\$1,190,363</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, 2016 the Borough had authorized but not issued debt as follows:

General Capital Fund	\$264,803
Water Utility Capital Fund	364,972

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(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, 2016:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2017	\$781,700	\$415,000	\$366,700
2018	780,475	420,000	360,475
2019	782,875	435,000	347,875
2020	780,475	450,000	330,475
2021	781,475	460,000	321,475
2022-2026	3,911,125	2,460,000	1,451,125
2027-2031	3,902,600	2,930,000	972,600
2032-2034	<u>2,346,500</u>	<u>2,130,000</u>	<u>216,500</u>
	<u>\$14,067,225</u>	<u>\$9,700,000</u>	<u>\$4,367,225</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, 2016 and 2015, the Borough had \$5,065,000 and \$14,624,000, respectively, in outstanding General Capital bond anticipation notes. The Borough also had \$-0- and \$3,410,000, respectively, in outstanding Water Utility bond anticipation notes as of December 31, 2016 and 2015.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

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

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2016 and 2015.

<u>2016</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes Payable:				
Jefferies, LLC	\$	\$5,065,000	\$	\$5,065,000
TD Securities	<u>14,624,000</u>		<u>14,624,000</u>	
	<u>14,624,000</u>	<u>5,065,000</u>	<u>14,624,000</u>	<u>5,065,000</u>
Water and Sewer Utility Capital Notes Payable:				
TD Securities	<u>3,410,000</u>		<u>3,410,000</u>	
	<u>3,410,000</u>		<u>3,410,000</u>	
	<u>\$18,034,000</u>	<u>\$5,065,000</u>	<u>\$18,034,000</u>	<u>\$5,065,000</u>
<u>2015</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Notes Payable:				
TD Securities	<u>\$8,709,800</u>	<u>\$14,624,000</u>	<u>\$8,709,800</u>	<u>\$14,624,000</u>
	<u>8,709,800</u>	<u>14,624,000</u>	<u>8,709,800</u>	<u>14,624,000</u>
Water and Sewer Utility Capital Notes Payable:				
TD Securities	<u>2,479,000</u>	<u>3,410,000</u>	<u>2,479,000</u>	<u>3,410,000</u>
	<u>2,479,000</u>	<u>3,410,000</u>	<u>2,479,000</u>	<u>3,410,000</u>
	<u>\$11,188,800</u>	<u>\$18,034,000</u>	<u>\$11,188,800</u>	<u>\$18,034,000</u>

**NOTE 6. FUND BALANCE APPROPRIATED**

The fund balances at December 31, 2016 which have been appropriated as revenue in the 2017 budgets are as follows:

Current Fund	\$3,650,000
Water Utility Operating Fund	575,600

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(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, 2016 and 2015 would approximate \$2,269,507 and \$2,437,127, 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, 2016 and 2015 was the sum of \$2,114,076 and \$1,770,276, 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, 2016 and 2015, \$109,484 and \$109,080 of the Borough's bank balance of \$59,656,245 and \$52,914,822, 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, 2016 and 2015**  
**(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, 2016 and 2015 amounted to \$1,232,730 and \$1,111,653, respectively.

The following investments represent 5% or more of the total invested with VALIC on December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Fixed Account Plus	\$100,561	\$102,501
Health Sciences Fund	75,343	83,367
Mid Cap Value Fund	82,579	74,182
Money Market I Fund	174,204	137,837
Vanguard Lifestrategy - Growth	180,177	161,880
All Others	<u>619,866</u>	<u>551,886</u>
Total	<u>\$1,232,730</u>	<u>\$1,111,653</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, 2016 and 2015**  
**(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, 2016 and 2015:

	Balance Dec. 31, 2015	<u>Additions</u>	<u>Retirements</u>	Balance Dec. 31, 2016
Land	\$87,660,900	\$	\$	\$87,660,900
Buildings and Building Improvement	18,314,600			18,314,600
Machinery and Equipment	<u>14,786,020</u>	<u>991,406</u>	<u>792,689</u>	<u>14,984,737</u>
	<u>\$120,761,520</u>	<u>\$991,406</u>	<u>\$792,689</u>	<u>\$120,960,237</u>

  

	Balance Dec. 31, 2014	<u>Additions</u>	<u>Retirements</u>	Balance Dec. 31, 2015
Land	\$87,660,900	\$	\$	\$87,660,900
Buildings and Building Improvement	18,314,600			18,314,600
Machinery and Equipment	<u>13,876,142</u>	<u>938,917</u>	<u>29,039</u>	<u>14,786,020</u>
	<u>\$119,851,642</u>	<u>\$938,917</u>	<u>\$29,039</u>	<u>\$120,761,520</u>

**NOTE 11. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at December 31, 2016 consist of the following:

\$7,623	Due from the Federal and State Grant Fund from the Current Grant Fund for reimbursement for expenditures paid.
20,674	Due to the Current Fund from the Animal Control Trust Fund for interest earned on investments and statutory excess.
2,300	Due to the Current Fund from the Other Trust Fund for interest earned on investments.
1,953	Due to the Current Fund from the Human Services Trust Fund for interest earned on investments.
555	Due to the Current Fund from the Unemployment Trust Fund for interest earned on investments.
412,099	Due to the Current Fund from the General Capital Fund for reimbursement for expenditures paid.
19,800	Due to the Water Utility Operating Fund from the Current Fund for reimbursement for expenditures paid.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

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

468,938	Due to the Liability-Self Insurance Fund from the Current Fund for reimbursement for expenditures paid.
465	Due to the Current Fund from the Cafeteria Plan Trust Fund for interest earned on investments.
1,250,000	Due to the Current Fund from the Water Utility Capital Fund for reimbursement of expenditures paid.
482,163	Due to the Current Fund from the Workers Compensation Fund for reimbursement for expenditures and interest earned on investments.
10,313	Due to the Current Fund from the Payroll Fund for interest earned on investments and excess funds in the account.
14	Due to the Current Fund from the Veterans Affair Trust for interest earned on investments.
4,563	Due to the Current Fund from the Health Services Trust Fund for interest earned on investments.
414,893	Due to the Water Utility Operating Fund from the Water Utility Capital Fund for reimbursement of expenditures and interest earned on investments.
1,040,000	Due to the Water Utility Capital Fund from the Capital Fund for reimbursement of expenditures.
<u>4,690</u>	Due to the General Capital Fund from the Water Utility Operating Fund for reimbursement of expenditures.
<u>\$4,141,043</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 2016 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, 2016 and 2015**  
**(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, 2016.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(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, 2015	\$482,738	\$1,838,161	\$5,125,565
Receipts	996,040	1,090,027	940,604
Disbursements	<u>603,783</u>	<u>757,949</u>	<u>1,744,306</u>
Balance - December 31, 2016	<u>\$874,995</u>	<u>\$2,170,239</u>	<u>\$4,321,863</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, 2014	\$311,298	\$1,206,885	\$3,212,398
Receipts	1,069,866	1,200,584	9,076,500
Disbursements	<u>898,426</u>	<u>569,308</u>	<u>7,163,333</u>
Balance - December 31, 2015	<u>\$482,738</u>	<u>\$1,838,161</u>	<u>\$5,125,565</u>

**NOTE 13. OTHER POST EMPLOYMENT BENEFITS**

The Borough of Fair Lawn approved a resolution to participate in the Health Program effective February 1, 2016 provided by the New Jersey State Health Benefits Act of the State of New Jersey (N.J.S.A. 52:14-17.25 et seq.) and to authorize the coverage for all the employees and their dependents thereunder in accordance with the statute and regulations adopted by the State Health Benefits Commission. The State Health Benefits Program was established in 1961 to provide health benefits to State employees, retirees and their dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

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

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-42-july2015.pdf>.

**Plan Coverage**

Any employee who retires after twenty-five (25) years or more of service within a state administered retirement system shall be entitled to be continued in the above health insurance coverage on a family-plan basis, with the costs thereof to be paid by the Borough. This does not include dental benefits.

**Funding Policy**

Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Borough of Fair Lawn on a monthly basis. The Borough contributions to SHBP for post-retirement benefits for the year ended December 31, 2016 was \$1,681,833, which equaled the required contribution for the year.

**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:

	<u>Balance</u> <u>Dec 31, 2016</u>	<u>Balance</u> <u>Dec 31, 2015</u>
Prepaid Taxes	<u>\$802,632</u>	<u>\$641,817</u>
Cash Liability for Taxes Collected in Advance	<u>\$802,632</u>	<u>\$641,817</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2016 and 2015**  
**(continued)**

**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.

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, 2016 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 June 29, 2017, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

## **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>
John Cosgrove	Mayor	
Amy Lefkowitz	Councilmember	
Daniel Dunay	Councilmember	
Kurt Peluso	Councilmember	
Lisa Swain	Councilmember	
James Van Kruiningen	Borough Manager	(A)
Karen Palermo	Finance Officer	(A)
Joanne M. Kwasniewski	Borough Clerk	(A)
Alice Lee	Tax Collector	(A)
Steven Schechter	Magistrate	(A)
Claire Cabibbo	Court Administrator	(A)
Ronald P. Mondello	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	
Karen Horton	Director of Free Public Library	

(A)- All other employees are covered by a Faithful Performance Blanket Position Bond 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>2016</u>	<u>2015</u>	<u>2014</u>
Tax rate	<u>3.137</u>	<u>3.078</u>	<u>3.026</u>
Apportionment of tax rate:			
Municipal	0.898	0.897	0.891
School	1.966	1.920	1.885
County	<u>0.273</u>	<u>0.261</u>	<u>0.250</u>

### Assessed Value

2016	\$ 4,183,946,407
2015	4,166,964,826
2014	4,139,019,341

### 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> Percentage of Collection
2016	\$ 131,918,891	130,967,803	99.28%
2015	129,126,782	128,125,738	99.22%
2014	126,147,730	125,079,266	99.15%

### 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</u> <u>delinquent</u> <u>taxes</u>	<u>Tax title</u> <u>liens</u>	<u>Total</u> <u>delinquent</u>	<u>Percentage</u> <u>of tax</u> <u>levy</u>
2016	\$ 909,175	22,872	932,047	0.71%
2015	957,909	23,245	981,154	0.76%
2014	1,011,910	22,022	1,033,932	0.82%

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

**Supplementary data**

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2016 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>
2016	\$ 73,260
2015	73,260
2014	73,260

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2016	\$ 13,354,795	3,650,000
	2015	11,514,407	3,650,000
	2014	8,535,076	3,500,000
	2013	7,442,935	3,000,000
	2012	6,548,971	3,000,000
Water Utility Operating Fund	2016	5,281,710	575,600
	2015	5,049,715	575,600
	2014	3,502,825	375,600
	2013	2,909,262	375,600
	2012	1,668,815	283,700



## BOROUGH OF FAIR LAWN

## Schedule of Expenditures of Federal Awards

Year ended December 31, 2016

Program	CFDA number	FAIN number	Grant or State Project Number	Grant period	Award Amount	Cash Received	Expenditures	MEMO Cumulative Total Expenditures
Federal and State Grant Fund: Department of Environmental Protection Municipal Stormwater Regulation Program State Forestry Grant	66.605			2005	15,464			*
	10.664			2010	3,000			*
								*
Department of Justice Cops in Shops Cops in Shops Cops in Shops Cops in Shops	16.727			2011	4,500			*
	16.727			2012	6,173			3,086
	16.727			2013	5,062			1,673
	16.727			2013	6,180			*
								*
Bullet Proof Vest Grant Bullet Proof Vest Grant	16.727			2010	4,200			*
	16.727			2010	16,705			*
Enforcing Underage Drinking Law Program	16.727			2014	3,439			*
								1,773
U.S. Department of Law & Public Safety Public Assistance Grants Hazard Mitigation Grant Program	97.036	4086DRNJ00000001	01CPX1600179798	2013	142,080			*
	97.042	EMN2016EP000002	01CPX1603800855	2015	7,000		7,000	*
	97.042	EMN2016EP000002	01CPX1603800855	2016	5,000	5,000		*
Subtotal Federal and State Grant Fund						5,000	7,000	*
						5,000	7,000	*
								6,532
								*

## BOROUGH OF FAIR LAWN

## Schedule of Expenditures of Federal Awards

Year ended December 31, 2016

Program	CFDA number	FAIN number	Grant or State Project Number	Grant period	Award Amount	Cash Received	MEMO	
							Expenditures	Cumulative Total Expenditures
General Capital Fund: Department of Housing and Urban Development Community Development Block Grant Pass through County of Bergen: Improvement to Chandler Drive 2014 Road Resurfacing Senior Center Grease Trap Handicapped Ramps 2015 Road Resurfacing Senior Center Hand Railings 2016 Road Resurfacing Senior Center Room Divider	14.218		Ordinance #2288	2013	162,000		*	114,897
	14.218		Ordinance #2303	2014	104,000		*	104,000
	14.218		Ordinance #2302	2014	20,000		*	17,021
	14.218		Ordinance #2346	2015	22,530	19,901	*	22,390
	14.218		Ordinance #2347	2015	162,530	90,405	*	93,469
	14.218		Ordinance #2348	2015	17,530		*	
	14.218		Ordinance #2379	2016	183,900	17,365	*	17,365
	14.218		Ordinance #2380	2016	21,400		*	
						110,306	*	369,142
						46,751	*	
							*	
							*	
							*	
U.S. Dept. of Transportation National Highway Safety Pass through State of NJ Improvements to B'Way Phase I Improvements to B'Way Phase II Fair Lawn Ave Safety Corridor Improvement to Plaza Road Improvements to 20th Street	20.205			Ord. 2233	150,000		*	
	20.205			Ord. 2247	146,500		*	
	20.205			Ord. 2320	511,850	77,518	*	77,518
	20.205			Ord. 2349	149,000	8,978	*	27,173
	20.205		480-078-6320-AMF-6010	Ord. 2390	155,500	95,875	*	
						95,875	*	104,691
U.S. Dept. of Homeland Security Law and Public Safety Pass through State of NJ Hazard Mitigation Grant	97.039		HMPG-DR-4086-NJ-0136-R	Ord. 2355	250,000		*	201,481
						24,816	*	
						158,063	*	675,314
Subtotal General Capital Fund						206,181	*	
Total Federal Awards						211,181	*	681,846

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, 2016

	Grant number	Grant period	Award Amount	Cash Received	Budgetary Expenditures	MEMO Cumulative Total Expenditures
Federal and State Grant Fund:						
Department of Environmental Protection						
Clean Communities Program	4900-765-042-4900-004	2008	35,867		1,199	* 35,867
Clean Communities Program	4900-765-042-4900-004	2013	44,865		3,421	* 44,670
Clean Communities Program	4900-765-042-4900-004	2014	49,394	49,394	1,083	* 48,948
Clean Communities Program	4900-765-042-4900-004	2015	60,032		38,698	* 46,812
Clean Communities Program	4900-765-042-4900-004	2016	68,638	68,638	10,841	* 10,841
Recycling Tonnage Grant	4900-100-042-4910-224	2016	109,000	109,000		* *
Environmental Grant		2013	1,675			* 525
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		16	* 16
Alcohol Education and Rehabilitation	4250-700-05000-063	2006	2,576		884	* 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			* *
				227,032	56,142	* 1,282,572
Department of Law & Public Safety						* *
New Jersey Highway Safety Project Grant						* *
Over the Limit Under Arrest	1160-100-066-1160-111-YHTS-6010	2011	4,400			* *

## BOROUGH OF FAIR LAWN

## Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2016

	Grant number	Grant period	Award Amount	Cash Received	Budgetary Expenditures	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	2007	22,809			* 8,566
Body Armor Grant	1020-718-066-1020-001	2008	6,198			* *
Body Armor Grant	1020-718-066-1020-001	2009	5,196			* *
Body Armor Grant	1020-718-066-1020-001	2012	5,101		2,883	* 2,883
Body Armor Grant	1020-718-066-1020-001	2014	5,224			* *
Body Armor Grant	1020-718-066-1020-001	2015	5,300			* *
Body Armor Grant	1020-718-066-1020-001	2016	5,151	5,151		* 5,151
Drunk Driving Enforcement Fund	4230-100-046-4750-241	2010	21,156			* 444
Drunk Driving Enforcement Fund	4230-100-046-4750-241	2011	4,924			* *
Drunk Driving Enforcement Fund	4230-100-046-4750-241	2012	6,633			* 843
Drunk Driving Enforcement Fund	4230-100-046-4750-241	2015	1,773			* *
Emergency Management Assistant Fund		2011	5,000			* 5,000
Department of Community Affairs				5,151	2,883	* 88,783
Smart Future Growth Grant		2009	7,000			* *
Total Federal and State Grant Fund				232,183	59,025	* 1,371,355
Current Fund:						* *
Recycling Tonnage Grant	4900-100-042-4910-224	2009	91,496		49,394	* 49,394
Recycling Tonnage Grant	4900-100-042-4910-224	2010	77,558			* 10,028
Recycling Tonnage Grant	4900-100-042-4910-224	2011	74,595			* *
Recycling Tonnage Grant	4900-100-042-4910-224	2012	44,865			* *
Recycling Tonnage Grant	4900-100-042-4910-224	2013	66,723			* *
Recycling Tonnage Grant	4900-100-042-4910-224	2014	59,351			* *
Recycling Tonnage Grant	4900-100-042-4910-224	2015	103,438	103,438		* *
Total Current Fund				103,438	49,394	* 59,422

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

Year ended December 31, 2016

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## BOROUGH OF FAIR LAWN

## Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2016

	<u>Grant number</u>	<u>Grant period</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Budgetary Expenditures</u>	<u>MEMO Cumulative Total Expenditures</u>
Bergen County Dept. of Public Works						*
County-wide ADA Ramps/Curbs/Sidewalks Ord. #2293		2014	200,000			*
Total General Capital Fund				26,660		*
Total Local Financial Assistance				40,073	11,364	*
Total State and Local Financial Assistance			\$	375,694	119,783	*
						1,423,906

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, 2016

	Current Fund	Federal and State Grant Fund
Balance - December 31, 2015	\$ 27,679,904	155,857
Increased by Receipts:		
Taxes Receivable	130,915,742	
Miscellaneous Revenue Not Anticipated	1,229,016	
Petty Cash	900	
Veteran Deductions	273,724	
Construction Code Training Fees	38,429	
Revenue Accounts Receivable	7,767,481	
Interfunds	6,901	20,000
Tax Overpayments	97,733	
Prepaid Taxes	644,353	
Reserve for Library Expenditures	62,516	
Grants Receivable		141,527
Unappropriated Grants		109,000
Interest on Investments		206
Various Reserves	776,376	
	<u>141,813,171</u>	<u>270,733</u>
	169,493,075	426,590
Decreased by Disbursements:		
Current Year Budget Appropriations	40,501,111	
Petty Cash	900	
Tax Overpayments	485,318	
Interfunds	20,000	
Construction Code Training Fees	47,629	
Appropriation Reserves	1,639,611	
Local District School Taxes	82,094,311	
County Taxes Payable	11,437,402	
Special District Taxes	270,200	
Reserve for Library Expenditures	51,662	
Accounts Payable	37,192	
Emergency Note	90,000	
Various Reserves	593,779	
Appropriated Grant Reserves		32,512
Grant Encumbrances		48,139
	<u>137,269,115</u>	<u>80,651</u>
Balance - December 31, 2016	\$ <u>32,223,960</u>	<u>345,939</u>

**Exhibit A-5**

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

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2016**

Balance - December 31, 2015 \$ 630

Balance - December 31, 2016 \$ 630

Analysis of Balance:

Tax Collector	\$ 300
Municipal Court	200
Building Inspector	25
Sanitation	25
Free Public Library	<u>80</u>
	\$ <u><u>630</u></u>

**Exhibit A-6**

**Schedule of Cash - Petty Cash**

**Current Fund**

**Year Ended December 31, 2016**

Increased by:  
Disbursed \$ 900

Decreased by:  
Returned to Treasurer \$ 900



## BOROUGH OF FAIR LAWN, N.J.

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

Current Fund									
Year Ended December 31, 2016									
Year	Balance, Dec. 31, 2015	Levy	Added Taxes	2015	Collected 2016	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2016
2015	957,909				950,482			7,177	250
	957,909				950,482			7,177	250
2016		131,523,842	395,049	641,817	130,049,846	276,140	1,245	40,918	908,925
\$	957,909	131,523,842	395,049	641,817	131,000,328	276,140	1,245	48,095	909,175
				Tax Overpayments Applied \$		84,586			
				Cash		130,915,742			
				\$		131,000,328			
Analysis of Tax Levy									
Tax yield:									
General Purpose Tax				\$		131,250,922			
Special District Taxes						272,920			
Added Tax (R.S. 54:4-63.1 et seq.)						395,049			
				\$		131,918,891			
Tax Levy:									
Local District School Tax				\$		82,220,363			
Local Open Space Taxes						209,828			
Special District Tax						272,920			
County Tax				\$		11,385,831			
County Added and Omitted Taxes						34,291			
						11,420,122			
Local Tax for Municipal Purposes									
Additional Taxes				\$		37,425,730			
						369,928			
						37,795,658			
				\$		131,918,891			

**Exhibit A-8****BOROUGH OF FAIR LAWN, N.J.****Schedule of Tax Title Liens****Current Fund****Year Ended December 31, 2016**

Balance - December 31, 2015	\$ 23,245
Increased by:	
Transfers from Taxes Receivable	<u>1,245</u>
	24,490
Decreased by:	
Cancellations	<u>1,618</u>
Balance - December 31, 2016	\$ <u><u>22,872</u></u>

**Exhibit A-9****Schedule of Other Liens Receivable****Current Fund****Year Ended December 31, 2016**

Balance - December 31, 2015	\$ <u>629</u>
Balance - December 31, 2016	\$ <u><u>629</u></u>

Analysis of Balance

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

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

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

**Current Fund**

**Year Ended December 31, 2016**

Balance - December 31, 2015	\$ <u>73,260</u>
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Balance - December 31, 2016	\$ <u><u>73,260</u></u>
-----------------------------	-------------------------

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Revenue Accounts Receivable**  
**Current Fund**  
**Year Ended December 31, 2016**

	Balance <u>Dec. 31, 2015</u>	<u>Accrued</u>	<u>Collected</u>	Balance <u>Dec. 31, 2016</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	43,170	43,170	
Other		25,517	25,517	
Fees and Permits		483,347	483,347	
Municipal Court :				
Fines and Costs	32,284	565,211	545,726	51,769
Interest and Costs on Taxes		185,488	185,488	
Interest on Investments and Deposits		64,683	64,683	
Tax and Assessment Searches		60	60	
Memorial Pool		371,583	371,583	
Sewer User Charges		74,065	74,065	
Cable Television Franchise Fees		460,324	460,324	
Uniform Fire Safety Act - Local		231,760	231,760	
Hotel Tax		164,534	164,534	
Ambulance Fees		526,108	526,108	
Consolidated Municipal Property Tax Relief Aid		26,389	26,389	
Energy Receipts Tax (P.L. 1998 Chpaters 162 ,		3,718,144	3,718,144	
Uniform Construction Code Fees		846,583	846,583	
	\$ <u>32,284</u>	<u>7,786,966</u>	<u>7,767,481</u>	<u>51,769</u>
		Cash	<u>7,767,481</u>	
		\$	<u>7,767,481</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## Current Fund

Year Ended December 31, 2016

Fund	Due from/(to) Balance			Due from/(to) Balance	
	Dec. 31, 2015	Increased	Decreased	Dec. 31, 2016	
Federal and State Grant Fund	\$ (11,648)	20,206	16,181	(7,623)	
Animal Control Trust Fund	249	20,425		20,674	
Other Trust Fund	623	3,677	2,000	2,300	
Human Services	1,868	85		1,953	
Unemployment Trust Fund	234	321		555	
General Capital Fund	411,501	5,499	4,901	412,099	
Water Utility Operating Fund	(19,800)			(19,800)	
Liability - Self Insurance Fund	(470,564)	1,626		(468,938)	
Water Utility Capital Fund	1,250,000			1,250,000	
Workers Compensation	480,911	1,252		482,163	
Cafeteria Plan Trust Fund	446	19		465	
Payroll Fund	9,917	396		10,313	
Veterans Affair Trust	3	11		14	
Health Benefits Trust	237	4,326		4,563	
	<u>\$ 1,653,977</u>	<u>57,843</u>	<u>23,082</u>	<u>1,688,738</u>	
Due to Current Fund	2,155,989	36,010	6,901	2,185,098	
Due from Current Fund	<u>(502,012)</u>	<u>21,833</u>	<u>16,181</u>	<u>(496,360)</u>	
	<u>\$ 1,653,977</u>	<u>57,843</u>	<u>23,082</u>	<u>1,688,738</u>	
Cash Receipts \$			6,901		
Cash Disbursements			20,000		
Statutory Excess			20,344		
Grant Match			16,181		
Prior Year Unallocated Marriage Licenses			20		
Deposit in Error			2,000		
Interest on Investments			15,479		
			<u>\$ 57,843</u>	<u>23,082</u>	

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

**Schedule of Deferred Charges -  
N.J.S. 40A:4-53 Special Emergency**

**Current Fund**

**Year Ended December 31, 2016**

	Amount Authorized	Not Less Than 1/5 of Amount Authorized	Balance Dec. 31, 2015	Reduced in 2016
Revaluation	\$ 450,000	90,000	90,000	90,000
	\$ 450,000	90,000	90,000	90,000

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2016

	Balance, Dec. 31, 2015	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 1,274	1,274		1,274
Municipal Clerk	7,357	7,357		7,357
Financial Administration	8,498	3,498		3,498
Cultural Center	37	37		37
Collection of Taxes	5,285	5,285		5,285
Assessment of Taxes	663	663		663
Engineering Services and Costs	797	797		797
Municipal Land Use (N.J.S.A 40:55D-1)				
Planning Board	2,566	2,566		2,566
Zoning Board of Adjustment	2,077	2,077		2,077
Emergency Management Services	1,122	1,122		1,122
Fire	400	400		400
Police	1,361	319,361	317,449	1,912
Police Dispatch	8,868	8,868	3,688	5,180
Uniform Fire Safety	18,826	18,826	5,679	13,147
Municipal Court	3,672	3,672	80	3,592
Municipal Prosecutor	250	250		250
Road Repairs and Maintenance	26,051	1,051		1,051
Shade Tree	71,425	1,425		1,425
Electrical Services	1,561	1,561		1,561
Public Buildings and Grounds	16,317	12,317	4,915	7,402
Maintenance of Garage	5,621	5,621	640	4,981
Administration of Public Works	326	326		326
Sanitation				
Sewer System	33,913	3,913		3,913
Recycling Program	15,746	15,746	6,964	8,782
Animal Control	394	394		394
Health Department	10,069	10,069	3,599	6,470
Administration of Social Services	21,331	6,331	1,869	4,462
Recreation	6,241	16,241	12,393	3,848
Recreation - Special Clubs	2,572	2,735	163	2,572
Parks and Playgrounds	3,318	3,318		3,318
Salary Wage Adjustment		190,300	190,300	
Uniform Construction Code:				
Construction Code Official	24,353	6,353	6,275	78
Unclassified:				
Terminal Leave	176	120,176	120,000	176
Public Defender	2,200	2,200		2,200
Total Salaries and Wages Within "CAPS"	304,667	776,130	674,014	102,116

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2016

Other Expenses Within "CAPS":				
Administrative and Executive	10,848	22,001	14,490	7,511
Purchasing		10,590	2,700	7,890
Mayor and Council	57,179	66,636	21,383	45,253
Municipal Clerk	11,048	13,193	1,413	11,780
Financial Administration	10,392	78,590	28,783	49,807
Cultural Center	1,376	1,636		1,636
Assessment of Taxes	4,548	33,848	29,300	4,548
Collection of Taxes	4,067	4,989	904	4,085
Legal Services and Costs	101,898	17,898	5,038	12,860
Labor Attorney	30,409	26,160	1,856	24,304
Engineering Services and Costs	6,543	7,339	796	6,543
Municipal Land Use Law (N.J.S.A. 40:55D-1)				
Planning Board	20,040	20,711	245	20,466
Zoning Board of Adjustment	17,905	19,750	1,675	18,075
Self Insurance Program:				
Liability Insurance (N.J.S.A. 40:10-12)	4,163	412,756	380,558	32,198
Workers Compensation (N.J.S.A. 40:10-12)	6,192	340,133	322,237	17,896
Group Insurance Plan for Employee's:				
Hospital Service Insurance	631,846	1,871,843	1,637,935	233,908
Health Insurance - Not Self Funded	73,109	16,064	2,755	13,309
Other Insurance Premiums	66,325	36,503	11,562	24,941
Police	3,618	111,509	103,622	7,887
Emergency Management Services	21,461	39,326	13,522	25,804
Fire	8,059	32,063	10,920	21,143
Ambulance	2,634	15,131	7,567	7,564
Uniform Fire Safety Act	1,279	5,842	4,323	1,519
Municipal Court	18,908	20,244	8,002	12,242
Road Repairs and Maintenance	6,805	119,882	118,115	1,767
Shade Tree	4,089	22,538	16,928	5,610
Electrical Services	1,479	4,340	2,724	1,616
Public Buildings and Grounds	3,728	25,113	20,780	4,333
Maintenance Garage	7,554	37,903	16,910	20,993
Community Services Act		25,000	8,601	16,399
Administration of Public Works	2,054	2,784	698	2,086
Sanitation:				
Sewer System	6,554	26,787	18,225	8,562
Recycling Program	6,821	7,578	19	7,559
Health Department	13,276	23,953	11,679	12,274
Administration of Social Services	4,834	4,973		4,973
Animal Control	6,950	6,950		6,950
Recreation and Parks	714	5,261	3,068	2,193
Parks and Playgrounds	7,377	9,969	1,221	8,748
Celebration of Public Events	1,923	1,923	657	1,266
Postage-Other Expenses	115	115	(5,298)	5,413
Purchase of Vehicle & Equipment	5,063	19,777	14,654	5,123
Electricity	18,742	77,284	41,772	35,512
Heating Oil	5,378	61,744	60,034	1,710
Gas	5,166	33,085	6,600	26,485
Gasoline	179,805	16,373	5,413	10,960
Diesel	67,011	5,748	448	5,300
Street Lighting	29,885	53,327	10,789	42,538
Telephone, Internet & Communication Lines	650	76,054	11,301	64,753
Surveillance Camera System	(45)	120		120
Cable/TV	1,896	2,303		2,303
Garbage and Trash-Other Expenses	169,330	239,330	69,140	170,190
Construction Code Official	3,979	4,011	160	3,851
Contingent	1,000	1,000		1,000
Total Other expenses Within "CAPS"	1,675,980	4,139,980	3,046,224	1,093,756



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2016

Deferred Charges and Statutory Expenditures				
Within "CAPS":				
Public Employees' Retirement System	236	236		236
Social Security System (O.A.S.I.)	114,975	47,974	885	47,089
Consolidated Police and Firemen's Pension	9,964	9,964		9,964
Police and Firemen's Retirement System of N.J.	961	961		961
Defined Contribution Pension Plan	6,463	6,463		6,463
Total Deferred Charges and Statutory Expenditures Within "CAPS"	132,599	65,598	885	64,713
Other Expenses Excluded From "CAPS":				
Passaic Valley Sewer Commission Share of Costs	80,666	80,666		80,666
Maintenance of Free Public Library	154,424	228,157	206,438	21,719
LOSAP	4,935	4,935		4,935
Recycling Tax Appropriation	7,621	11,121	3,185	7,936
Total Other Expenses Excluded from "CAPS"	247,646	324,879	209,623	115,256
Public and Private Programs Offset by Revenues:				
Matching Funds for Grants		10,000	10,000	
Total Reserves	\$ 2,360,892	5,316,587	3,940,746	1,375,841
Appropriation Reserves		2,360,892		
Encumbrances		2,955,695		
		\$ 5,316,587		
Transfers to Various Reserves		459,800		
Interfund		10,000		
Accounts Payable		1,831,335		
Cash		1,639,611		
		\$ 3,940,746		

**BOROUGH OF FAIR LAWN, N.J.****Schedule of Encumbrances Payable****Current Fund****Year Ended December 31, 2016**

Balance - December 31, 2015	\$ 2,955,695
Increased by:	
Transferred from Current Year Budget	<u>1,232,100</u>
	4,187,795
Decreased by:	
Transferred to Appropriation Reserves	<u>2,955,695</u>
Balance - December 31, 2016	\$ <u><u>1,232,100</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Accounts Payable

## Current Fund

## Year Ended December 31, 2016

Balance - December 31, 2015	\$	335,355
Increased by:		
Transfer from Appropriation Reserves		<u>1,831,335</u>
		2,166,690
Decreased by:		
Cash Disbursements	\$	37,192
Canceled		<u>40,879</u>
		<u>78,071</u>
Balance - December 31, 2016	\$	<u><u>2,088,619</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Other Expenditures

## Current Fund

Year Ended December 31, 2016

	Recycling	Police - Outside Service	Elevator Surcharge	Terminal Leave	Employment Contracts	Retiree's Insurance	Community Center	Open Space	Special Assessments	October Snow Storm	Snow	Library State Aid	Total
Balance - December 31, 2015	\$ 2,548,914	702,520	3,152	1,770,276	824,626	302,754	682,721	1,096,994	76,001	157,162	183,500	17,032	8,365,652
Increased by:													
Cash Receipts	102,329	496,182				765	73,662						672,938
Grant Receipts	103,438										116,000		103,438
Transferred from Appropriation Reserves				343,800				989					459,800
Prior Year Added/Omitted Taxes													989
Current Year Tax Levy								209,828					209,828
	205,767	496,182		343,800		765	73,662	210,817			116,000		1,446,993
	2,754,681	1,198,702	3,152	2,114,076	824,626	303,519	756,383	1,307,811	76,001	157,162	299,500	17,032	9,812,645
Decreased by:													
Transfer to Reserve for Library Expenditures	49,394	543,502				338	545					17,032	17,032
Cash Disbursements	49,394	543,502				338	545					17,032	593,779
													610,811
Balance - December 31, 2016	\$ 2,705,287	655,200	3,152	2,114,076	824,626	303,181	755,838	1,307,811	76,001	157,162	299,500		9,201,834

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Library Expenditures

## Current Fund

Year Ended December 31, 2016

Balance - December 31, 2015	\$	17,977
Increased by:		
State Library Aid	\$	16,946
Transfer from Reserve for Other		
Expenditures		17,032
Book Fines		<u>45,570</u>
		<u>79,548</u>
		97,525
Decreased by:		
State Library Aid		33,978
Expenditures		<u>17,684</u>
		<u>51,662</u>
Balance - December 31, 2016	\$	<u><u>45,863</u></u>

Analysis of Balance

Book Fines	\$	<u>45,863</u>
	\$	<u><u>45,863</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, 2016

Balance - December 31, 2015		\$	(163,968)
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	52,250	
Veterans' Deductions Per Tax Billing		225,750	
Senior Citizen's and Veteran's Allowed - 2015		250	
Senior Citizen's and Veteran's Allowed - 2016		<u>2,000</u>	
			<u>280,250</u>
			116,282
Decreased by:			
State Share of Senior Citizens and Veteran			
Deductions Received in Cash		273,724	
Senior Citizen's and Veteran's Disallowed - 2015		10,566	
Senior Citizen's and Veteran's Disallowed - 2016		<u>3,860</u>	
			<u>288,150</u>
Balance - December 31, 2016		\$	<u><u>(171,868)</u></u>

**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, 2016**

Balance - December 31, 2015	\$	17,049
Increased by:		
Collections		<u>38,429</u>
		55,478
Decreased by:		
Payments		<u>47,629</u>
Balance - December 31, 2016	\$	<u><u>7,849</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Tax Overpayments

## Current Fund

## Year Ended December 31, 2016

Balance - December 31, 2015	\$	18,247
Increased by:		
Collections	\$	97,733
Cancelled Taxes		30,934
Fund Balance		<u>469,166</u>
		<u>597,833</u>
		616,080
Decreased by:		
Applied	\$	84,586
Refunded		<u>485,318</u>
		<u>569,904</u>
Balance - December 31, 2016	\$	<u><u>46,176</u></u>



Exhibit A-22

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

**Schedule of Local School District Tax Payable**

**Current Fund**

**Year Ended December 31, 2016**

Balance - December 31, 2015	\$	735,682
Increased by:		
2016 Levy		<u>82,220,363</u>
		82,956,045
Decreased by:		
Payments		<u>82,094,311</u>
Balance - December 31, 2016	\$	<u><u>861,734</u></u>

Exhibit A-23

**Schedule of County Taxes Payable**

**Current Fund**

**Year Ended December 31, 2016**

Balance - December 31, 2015	\$	51,571
Increased by:		
2016 Levy	\$	11,269,804
2016 Open Space		116,027
2016 Added Assessments		<u>34,291</u>
		<u>11,420,122</u>
		11,471,693
Decreased by:		
Payments		<u>11,437,402</u>
Balance - December 31, 2016	\$	<u><u>34,291</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Special Improvement District Taxes Payable

## Current Fund

## Year Ended December 31, 2016

Balance - December 31, 2015	\$	210
Increased by:		
Tax Levy		<u>272,920</u>
		273,130
Decreased by:		
Payments		<u>270,200</u>
Balance - December 31, 2016	\$	<u><u>2,930</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Prepaid Taxes

## Current Fund

Year Ended December 31, 2016

Balance - December 31, 2015		\$	641,817
Increased by:			
Transfer from Fund Balance	\$	158,279	
Collections		<u>644,353</u>	
			<u>802,632</u>
			1,444,449
Decreased by:			
Applied to 2016 Taxes Receivable		<u>641,817</u>	
Balance - December 31, 2016	\$	<u><u>802,632</u></u>	

## Schedule of Reserve for Special Emergency Notes

## Current Fund

Year Ended December 31, 2016

Balance - December 31, 2015	\$	<u>90,000</u>
Decreased by:		
Payments	\$	<u><u>90,000</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## Federal and State Grant Fund

## Year Ended December 31, 2016

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2016</u>
Current Fund	\$ 11,648	16,181	20,206	7,623
	<u>\$ 11,648</u>	<u>16,181</u>	<u>20,206</u>	<u>7,623</u>
	Cash Receipts \$		20,000	
	Grant Match	16,181		
	Interest on Investments		206	
	\$	<u>16,181</u>	<u>20,206</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended December 31, 2016

<u>Grant</u>	Balance, Dec. 31, <u>2015</u>	2016 Budget Revenue <u>Realized</u>	<u>Received</u>	Balance, Dec. 31, <u>2016</u>
Body Armor	\$ 20,279			20,279
Fair Lawn Carbon Grant	124,727			124,727
Clean Communities Grant - 2014	49,394		49,394	
Environmental Grant - 2013	2,000			2,000
Hazard Mitigation Grant - 2013	140,080			140,080
Municipal Alliance on Alcoholism and Drug Abuse	5,812		5,812	
Municipal Alliance on Alcoholism and Drug Abuse		15,279	2,882	12,397
Body Armor Grant		5,151	5,151	
Clean Communities Grant - 2016		68,638	68,638	
Federal OEM Grant		7,000		7,000
Emergency Management Assistance Funding		5,000	5,000	
NJACCHO - Health Grant		4,650	4,650	
	<u>\$ 342,292</u>	<u>105,718</u>	<u>141,527</u>	<u>306,483</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Unappropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2016

<u>Grant</u>	Balance, Dec. 31, 2015	Transfer To 2016 Budget	<u>Received</u>	Balance, Dec. 31, 2016
Alcohol Education Rehabilitation	\$ 650			650
Body Armor Grant	5,300			5,300
Enforcing Underage Drinking Law Program	1,666			1,666
Federal OEM Grant	5,000			5,000
Recycling Tonnage Grant			109,000	109,000
\$	<u>12,616</u>		<u>109,000</u>	<u>121,616</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2016

<u>Grant</u>	Balance, Dec. 31, 2015	Transfer From 2016 Budget	<u>Adjustment</u>	<u>Expended</u>	Balance, Dec. 31, 2016
Clean Communities Program Grant - 2009	\$ 1,199			1,199	
Clean Communities Program Grant - 2013	3,616			3,421	195
Clean Communities Program Grant - 2014	366			330	36
Clean Communities Program Grant - 2015	46,237			42,449	3,788
Clean Communities Program Grant - 2016		68,638		23,058	45,580
Body Armor Replacement Program - 2007	14,243			14,243	
Body Armor Replacement Program - 2008	6,198			6,198	
Body Armor Replacement Program - 2009	5,196			5,196	
Body Armor Replacement Program - 2012	7,607			142	7,465
Body Armor Replacement Program - 2015	5,223				5,223
Body Armor Replacement Program - 2016		5,151			5,151
Drunk Driving Enforcement Grant - 2011	23,927		1,709		25,636
Drunk Driving Enforcement Grant - 2012	5,790		(1,709)		4,081
Drunk Driving Enforcement Grant - 2015	1,773				1,773
Alcohol Education and Rehabilitation	970			16	954
Alcohol Education and Rehabilitation	884			884	
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
Fair Lawn Granular Activated Carbon Grant	67,627			(38,364)	105,991
Municipal Alliance - 2013	2,320			2,320	
Municipal Alliance on Alcoholism and Drug Abuse	4,937	3,819		6,318	2,438
Municipal Alliance on Alcoholism and Drug Abuse		19,098		400	18,698
Smart Growth	7,000				7,000
Police County - 2012	2,250				2,250
Over the Limit Under Arrest - 2012	4,400				4,400
Bullet Proof Vest	4,200			4,200	
Bullet Proof Vest - 2012	16,705			16,705	
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
Forestry Grant	2,400				2,400
Flood Insurance	20,920				20,920
Environmental Grant - 2013	1,150				1,150
Hazard Mitigation Grant - 2013	142,080				142,080
Health NJACCHO	1,255			1,255	
Health NJACCHO - 2015	3,200			2,579	621
Health NJACCHO - 2016		4,650		2,117	2,533
Matching Funds for Grants - 2013	10,353	(3,819)		1,588	4,946
Matching Funds for Grants - 2014	13,000				13,000

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2016

<u>Grant</u>	Balance, Dec. 31, 2015	Transfer From 2016 Budget	<u>Adjustment</u>	<u>Expended</u>	Balance, Dec. 31, 2016
Matching Funds for Grants - 2015		6,181			6,181
Matching Funds for Grants - 2016		6,181			6,181
Federal OEM Grant		7,000		7,000	
Emergency Management Assistance Funding		5,000			5,000
	<u>\$ 449,042</u>	<u>121,899</u>		<u>103,254</u>	<u>467,687</u>
Budget		25,279			
Appropriation Reserves		6,181			
Appropriated by 40a:4-87		<u>90,439</u>			
		<u>\$ 121,899</u>			
			Cash Disbursed	32,512	
			Encumbrances	<u>70,742</u>	
				<u>\$ 103,254</u>	



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

**Schedule of Encumbrances Payable**

**Federal and State Grant Fund**

**Year Ended December 31, 2016**

Balance - December 31, 2015	\$	48,139
Increased by:		
Charged to Appropriated Grant Reserves		<u>70,742</u>
		118,881
Decreased by:		
Cash Disbursements		<u>48,139</u>
Balance - December 31, 2016	\$	<u><u>70,742</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2016

	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
Balance - December 31, 2015	\$ 66,681	1,431,454	258,896	7,457,048	25,440	113,297	19,643	1,111,653	6,643
Increase by Receipts:									
Prepaid Dog License Fees Collected	6,786								
Dog License Fees Collected	14,639								
Cat License Fees Collected	2,096								
Other Miscellaneous Fees	4,386								
State Fees	3,618	3,650							
Other Trust Receipts - Sundry Reserves and Deposits	1,520,617								
Escrow Deposits	95,040								
Other Trust Receipts - Donations and Deposits	80,232								
Due to Current Fund		2,000							
Donations					22,500	20		81,763	10,951
Contributions Deposited					46	438	19	65,158	11
Interest Income/ Gain on Investment	81	1,742	321	7,204					
Prior Year Interfund Returned			3,551						
Payroll Deductions			40,871				36,519		
Insurance Reimbursements				1,311,710					
Budget Appropriation			90,000	1,714,961					
Total Receipts	31,606	1,703,281	134,743	3,033,875	22,546	458	36,538	146,921	10,962
	98,287	3,134,735	393,639	10,490,923	47,986	113,755	56,181	1,258,574	17,605
Decreased by Disbursements:									
Animal License Expenditures	3,976								
State Fees	3,154	3,775	93,193						
Due to Current Fund		2,000							
Other Trust Disbursements-Sundry Reserves and Deposits		1,213,771							
Escrow Disbursements		97,551							
Other Trust Disbursements-Donations and Deposits		24,533							
Insurance-Health Benefits				1,744,306					
Insurance-Liability Claims				757,949					
Insurance-Worker's Compensation Claims				603,783					
Cafeteria Plan Disbursements							32,576	721	2,660
Plan Service Charges								25,123	
Distributions									
Total Disbursements	7,130	1,341,630	93,193	3,106,038			32,576	25,844	2,660
Balance - December 31, 2016	91,157	1,793,105	300,446	7,384,885	47,986	113,755	23,605	1,232,730	14,945

**Exhibit B-2****BOROUGH OF FAIR LAWN, N.J.****Schedule of Prepaid Dog Licenses****Trust Funds****Year Ended December 31, 2016**

Balance - December 31, 2015	\$ 6,813
Increased by:	
Collections	<u>6,786</u>
	13,599
Decreased by:	
Applied to 2016 Licenses	<u>6,813</u>
Balance - December 31, 2016	\$ <u><u>6,786</u></u>

**Exhibit B-3****Schedule of Animal Trap Deposits****Trust Funds****Year Ended December 31, 2016**

Balance - December 31, 2015	\$ <u>7,840</u>
Balance - December 31, 2016	\$ <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, 2016

	Dog License Fees	Other Trust Marriage/ Civil Union Fees	Burial Permit Fees	Quarterly Unemployment Taxes Due
Balance - December 31, 2015	\$ 42	920	5	10,390
Increased by:				
Dog License Fees	3,618			
Prior Year Adjustment	569			
Marriage License Fees		3,650		
Burial Permit Fees				
Withholdings				83,796
	4,187	3,650		83,796
	4,229	4,570	5	94,186
Decreased by:				
Due to Current Fund		20		
Cash Disbursements	3,154	3,775		93,193
Balance - December 31, 2016	\$ 1,075	775	5	993

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds Receivable/(Payable)

## Trust Funds

Year Ended December 31, 2016

	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
Animal Control Trust:				
Current Fund	\$ (249)		20,425	(20,674)
Other Trust Fund:				
Current Fund (Other Trust)	(623)	2,000	3,677	(2,300)
Current Fund (Human Services)	(1,868)		85	(1,953)
	(2,491)	2,000	3,762	(4,253)
Unemployment Compensation Insurance				
Trust Fund:				
Current Fund	(234)		321	(555)
Payroll Fund	3,551		3,551	
	3,317		3,872	(555)
Self-Insurance Trust Fund:				
Current Fund - Due from Worker's Compensation	(480,911)		1,252	(482,163)
Current Fund - Due from Health Benefits Fund	(237)		4,326	(4,563)
Current Fund - Due from Self-Insurance Liability	470,564		1,626	468,938
	(10,584)		7,204	(17,788)
Cafeteria Plan Trust Fund:				
Current Fund	(446)		19	(465)
Veterans Affairs				
Current Fund	(3)		11	(14)
	\$ (10,456)	2,000	35,293	(43,749)
	Cash Receipts	2,000	3,551	
	Cash Disbursements		2,000	
	Interest on Investments		9,378	
	Prior Year Unallocated Marriage Fees		20	
	Statutory Excess		20,344	
		\$ 2,000	35,293	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Sundry Reserve and Deposits

## Trust Funds

Year Ended December 31, 2016

	Balance <u>Dec. 31, 2015</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2016</u>
Parking Offenses Adjudication Act	\$ 31,688	2,936		34,624
Tax Title Lien Redemptions	720,539	1,517,681	1,213,771	1,024,449
Found Money	6,921			6,921
Insurance Proceeds-				
Damage to Borough Cars	2,047			2,047
State Nextel Purchase	4			4
Miscellaneous Reserves	4,845			4,845
	<u>\$ 766,044</u>	<u>1,520,617</u>	<u>1,213,771</u>	<u>1,072,890</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Escrow Reserve and Deposits

## Trust Funds

Year Ended December 31, 2016

	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
Street Opening Deposits	\$ 21,400	6,300	2,500	25,200
Performance Bond	1,000			1,000
Performance Bond Paramus Auto Mall	98,130			98,130
Board of Education	1,850			1,850
Fisher Scientific	6,000			6,000
Damage to Borough Property	20,906	345		21,251
Fairlawn Commons Restoration Bond	26,922			26,922
Eldorado Village - Rent Board Capital Imp	2,666			2,666
Maintenance Bond-Hockey Rink	1,213			1,213
18-35 River Road LLC Escrow	17,432			17,432
CDBG - Senior Kitchen	5,000			5,000
Zoning Board Escrow	55,223	56,770	70,034	41,959
Planning Board Escrow	154,129	25,225	18,617	160,737
Council Escrow	14,720	6,400	6,400	14,720
	<u>\$ 426,591</u>	<u>95,040</u>	<u>97,551</u>	<u>424,080</u>
			Street Opening Deposits	25,200
			Performance Bonds	99,130
			Escrow Accounts	<u>299,750</u>
			\$	<u>424,080</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Donation Reserve and Deposits

## Trust Funds

Year Ended December 31, 2016

	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
Human Services Donations	\$ 72,737	29,695	1,429	101,003
Tree Planting Donations	2,213			2,213
Economic Development Donations	2,142			2,142
Flower Pot Donations	5,976			5,976
Community Police Donations	19,752	13,273	16,883	16,142
Reserve Police Donations	2,093			2,093
Concert Donations	28,111	3,600	760	30,951
Fireworks Donations	76,995	25,813		102,808
Fire Victims Donations	824			824
Camp Donations	343			343
Civil War Event Donations	228			228
Fire Department Donations	3,083			3,083
Hepatitis Shot Donations	2,024			2,024
LEPC Account Donations	31			31
Senior Center Donations	891	3,953	2,919	1,925
Adopt a Bench Donations	2,119	1,800	399	3,520
Safety Program Donations	252			252
Police Explorers Donations	2,142	1,698	2,143	1,697
Collura Memorial Donations	2,890			2,890
Police Vests Donations	5,750			5,750
FI Vol Coalition Donations	383			383
Certification Donations	3,924	400		4,324
Nauglehouse	500			500
	<u>\$ 235,403</u>	<u>80,232</u>	<u>24,533</u>	<u>291,102</u>



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Animal Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2016

Balance - December 31, 2015		\$	51,737
Increased by:			
Dog License Fees:			
Collections	\$	14,639	
Prepays Applied		<u>6,813</u>	
		\$	21,452
Cat License Fees			2,096
Miscellaneous Revenue:			
Impound Fees		600	
Miscellaneous/Removal of Animal		861	
Dog License Late Fees		2,650	
Kennel License		<u>275</u>	
			<u>4,386</u>
			<u>27,934</u>
			79,671
Decreased by:			
Expenditures Under R.S. 4:19-15.11		3,976	
Statutory Excess Due to Current Fund		20,344	
Prior Year Due to State		<u>569</u>	
			<u>24,889</u>
Balance - December 31, 2016		\$	<u><u>54,782</u></u>

Animal License Fees Collected

<u>Year</u>		
2014	\$	29,829
2015		<u>24,953</u>

Maximum Reserve \$ 54,782

## BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for State Unemployment  
Insurance Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2016

Balance - December 31, 2015		\$	251,823
Increased by:			
Budget Appropriation	\$	90,000	
Payroll Deductions		<u>40,871</u>	
			<u>130,871</u>
			382,694
Decreased by:			
Due to State of New Jersey			<u>83,796</u>
Balance - December 31, 2016		\$	<u><u>298,898</u></u>

## BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Worker's  
Compensation Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2016

Balance - December 31, 2015		\$	482,738
Increased by:			
Budget Appropriations	\$	977,157	
Insurance Reimbursements		<u>18,883</u>	
			<u>996,040</u>
			1,478,778
Decreased by:			
Payment of Claims		<u>603,783</u>	
Balance(Deficit) - December 31, 2016		\$	<u><u>874,995</u></u>

## BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Liability  
Insurance Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2016

Balance - December 31, 2015		\$ 1,838,161
Increased by:		
Budget Appropriations	\$ 737,804	
Insurance Reimbursements	<u>352,223</u>	
		<u>1,090,027</u>
		2,928,188
Decreased by:		
Payment of Claims		<u>757,949</u>
Balance - December 31, 2016		\$ <u><u>2,170,239</u></u>

## BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Health  
Benefits Plan Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2016

Balance - December 31, 2015	\$ 5,125,565
Increased by:	
Cash Receipts	<u>940,604</u>
	6,066,169
Decreased by:	
Payment of Claims	<u>1,744,306</u>
Balance - December 31, 2016	\$ <u><u>4,321,863</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Council on Affordable Housing Expenditures

## Trust Funds

Year Ended December 31, 2016

	Balance Dec. 31, 2015	Increased	Balance Dec. 31, 2016
Unallocated	\$ 25,440	46	25,486
River Road Development Fees		22,500	22,500
	<u>\$ 25,440</u>	<u>22,546</u>	<u>47,986</u>
Cash Receipts	\$ 22,500		
Interest on Investments		46	
		<u>22,546</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserves for Library Expenditures

## Library Trust Fund

Year Ended December 31, 2016

Balance - December 31, 2015	\$	20,826
Increased by:		
Cash Receipts	\$	20
Interest		<u>438</u>
		<u>458</u>
Balance - December 31, 2016	\$	<u><u>21,284</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Restricted Reserves for Library Expenditures

## Library Trust Fund

Year Ended December 31, 2016

Balance - December 31, 2015	\$ <u>92,471</u>
Balance - December 31, 2016	\$ <u><u>92,471</u></u>
<u>Analysis of Balance</u>	
Eva Kaplan Trust Fund	\$ 17,921
Shirley T. Rosen Trust Fund	69,050
Endowment Program - Pavers	<u>5,500</u>
	\$ <u><u>92,471</u></u>



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Cafeteria Plan Expenditures

Year Ended December 31, 2016

Balance - December 31, 2015	\$ 19,197
Increased by:	
Cash Receipts	<u>36,519</u>
	55,716
Decreased by:	
Cash Disbursements	<u>32,576</u>
Balance - December 31, 2016	\$ <u><u>23,140</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Service Award Contributions Receivable

## Trust Funds

Year Ended December 31, 2016

Balance - December 31, 2015		\$	79,948
Increased by:			
2016 Service Award Contributions	\$	81,945	
Additional Contributions - Prior Year		<u>1,815</u>	
			<u>83,760</u>
			163,708
Decreased by:			
Distributions			<u>81,763</u>
Balance - December 31, 2016		\$	<u><u>81,945</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Net Assets Available for Benefits

## Trust Funds

Year Ended December 31, 2016

Balance - December 31, 2015		\$ 1,191,601
Increased by:		
Contributions	\$ 81,945	
Additional Contributions - Prior Year	1,815	
Gain on Investment	62,371	
Interest on Investments	<u>2,787</u>	
		<u>148,918</u>
		1,340,519
Decreased by:		
Plan Service Charges	721	
Distributions	<u>25,123</u>	
		<u>25,844</u>
Balance - December 31, 2016		\$ <u><u>1,314,675</u></u>

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

**Schedule of Reserve for Veteran Affairs Expenditures**

**Year Ended December 31, 2016**

Balance - December 31, 2015	\$ 6,640
Increased by:	
Cash Receipts	<u>10,951</u>
	17,591
Decreased by:	
Cash Disbursements	<u>2,660</u>
Balance - December 31, 2016	\$ <u><u>14,931</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Cash

## General Capital Fund

Year Ended December 31, 2016

Balance - December 31, 2015		\$	5,020,439
Increased by Receipts:			
State Grants and County Grants	\$	26,660	
Federal Grants		206,181	
Other Receivables		38,607	
Premium on Note Sale		55,310	
Capital Improvement Fund		215,000	
General Improvement Bonds		13,820,000	
Bond Anticipation Notes		5,065,000	
Special Reserves		7,036	
Interest on Investments		5,499	
			<u>19,439,293</u>
			24,459,732
Decreased by Disbursements:			
Improvement Authorizations		1,026,888	
Special Reserves		804,000	
Bond Anticipation Notes		13,820,000	
Due from Board of Education -			
Joint Paving Project		7,927	
Interfunds		4,901	
Encumbrances payable		2,026,113	
			<u>17,689,829</u>
Balance - December 31, 2016		\$	<u><u>6,769,903</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2016

Fund Balance	\$ 1,438,545
State and County Grants Receivable	(731,872)
Local Grants Receivable	(9,104)
Federal Grants Receivable	(1,479,621)
Interfund Accounts Receivable	(1,040,000)
Encumbrances Payable	2,982,298
Special Reserves	64,922
Reserve for Unappropriated State Grant	15,464
Capital Improvement Fund	196,239
Interfund Accounts Payable	416,789
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	43,184
2219	Various Improvements	43,288
2220	Improvement of Various Roads	15,743
2233	Broadway Corridor	150,000
2235	Bergen County Open Space	39,000
2244	Road Improvements	114,072
2245	Various Improvements	292,902
2247	Broadway Corridor, Phase 2	146,500
2259	Improvements to Parks - Vogel/George St.	14,776
2281	Municipal Park Improvements - Bergen Co. Open Space	1,695
2284	Various Improvements	215,614
2285	Improvements to Various Roads	41,738
2288	Improvements to Chandler Dr. - CDBG	47,103
2293/2409	ADA Ramps, Curbs and Sidewalks	37,000
2302	Senior Grease Trap/Sewer Line	2,979
2303	Road Resurfacing	18,737
2309	Various Improvements	4,207

## BOROUGH OF FAIR LAWN, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2016

2310	Various Improvements	329,005
2320	Fair Lawn Corridor Safety Improvements	105,382
2326	Columbia Heights - Passive Park	5,655
2337	Various Improvements	769,077
2338	Roadway Improvements	284
2348	Senior Center Hand Railings	14,576
2355	Generator Project for Emergency Services	18,269
2376	Various Improvements	915,506
2377	Various Road Improvements	763,627
2380	Senior Center Room Divider	21,400
2384	Memorial Park and Pool Improvements	18,893
2391	Construction of a Miniature Golf Course	547,775
2402	Naugle-Vanderbeck House	<u>131,226</u>
		<u>\$ 6,769,903</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of State &amp; County Grants Receivable

## General Capital Fund

Year Ended December 31, 2016

	Grant Amount	Year	Ordinance	Balance Dec. 31, 2015	2016 Grants Authorized	Received	Canceled	Balance Dec. 31, 2016
<u>Bergen County Open Space Grant:</u>								
Vogel Park	50,000	2013	2259	\$ 10,273		890		9,383
Naugle - Vanderbeck	25,000	2014	2310/2322	25,000		25,000		
Columbia Park	20,000	2014	2326	6,491		770		5,721
Naugle - Vanderbeck	115,000	2015	2375		115,000			115,000
Municipal Pool & Pool Imps.	50,000	2015	2384		50,000			50,000
Miniature Golf Course	37,542	2016	2391		37,542			37,542
Naugle - Vanderbeck	131,226	2016	2402		131,226			131,226
<u>State of New Jersey - Green Acres Grant:</u>								
2nd Street Property	146,000	2012	2254	146,000				146,000
<u>Bergen County Dept. of Public Works</u>								
County-wide ADA ramps/curbs/sidewalks	237,000	2014	2293/2409	200,000	37,000			237,000
				\$ 387,764	370,768	26,660		731,872

## Schedule of Local Grants Receivable

## General Capital Fund

Year Ended December 31, 2016

	Balance Dec. 31, 2015	2016 Grants Authorized	Increased	Decreased	Balance Dec. 31, 2016
<u>Due from JP Morgan Chase - Parking Lot Paving</u>					
	\$ 13,004			3,900	9,104
<u>Board of Education - Joint Street Paving</u>					
	11,638		23,069	34,707	
	24,642		23,069	38,607	9,104
<u>Cash Disbursements</u>					
			7,927		
<u>Encumbrances Payable</u>					
			15,142		
			\$ 23,069		



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Federal Grants Receivable

## General Capital Fund

Year Ended December 31, 2016

	Grant Amount	Year	Ordinance	Balance Dec. 31, 2015	2016 Grants Authorized	Received	Balance Dec. 31, 2016
<u>Community Development Block Grant:</u>							
2014 Road Re-Surfacing	104,000	2014	2303	6,812			6,812
Senior Center Grease Trap	20,000	2014	2302	20,000			20,000
Handicapped Ramps	22,530	2015	2346	22,530		19,901	2,629
Road Resurfacing	162,530	2015	2347	162,530		90,405	72,125
Senior Center Hand Railings	17,530	2015	2348	17,530			17,530
Road Resurfacing	183,900	2016	2379		183,900		183,900
Senior Center Room Divider	21,400	2016	2380		21,400		21,400
Total Community Development Block Grants				229,402	205,300	110,306	324,396
<u>New Jersey Transportation Trust Fund</u>							
Improvements to B'Way Phase I	150,000	2012	2233	150,000			150,000
Improvements to B'Way Phase II	146,500	2012	2247	146,500			146,500
Fairlawn Avenue Corridor Safety Imp Proj	511,850	2014	2320	511,850			511,850
NJ DOT - Plaza Road	149,000	2015	2349	37,250			37,250
Improvements to 20th Street	155,500	2016	2390		155,500	95,875	59,625
Total New Jersey Transportation Trust Fund				845,600	155,500	95,875	905,225
<u>U.S. Department of Homeland Security:</u>							
Assistance to Office of Emergency Mngt	250,000	2015	2355	250,000			250,000
Total U.S. Department of Justice				250,000			250,000
				\$ 1,325,002	360,800	206,181	1,479,621

## BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges to Future  
Taxation - Funded

## General Capital Fund

Year Ended December 31, 2016

Balance - December 31, 2015		\$ 21,680,000
Increased by:		
General Bonds Issued		<u>13,820,000</u>
		35,500,000
Decreased by:		
Current year Budget Appropriations:		
Capital Lease Principal	\$ 410,000	
Serial Bond Principal	<u>1,990,000</u>	
		<u>2,400,000</u>
Balance - December 31, 2016		<u><u>\$ 33,100,000</u></u>
<u>Analysis of Balance:</u>		
Capital Leases Payable	9,700,000	
Bonds Payable	<u>23,400,000</u>	
		<u><u>\$ 33,100,000</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Deferred Charges to Future Taxation - Unfunded

## General Capital Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Funded	Balance Dec. 31, 2016	Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
<u>General improvements:</u>								
2053	Multiple Purpose	\$ 162,152		96,000	66,152		41,695	24,457
2074	Multiple Purpose	336,517		336,517				
2122	Multiple Purpose	407,516		407,516				
2159	Various Public Improvements	844,209		844,209				
2182	Acquisition of Equipment - Police Dept.	35,013		35,013				
2185	Fire Dept Equipment/Equipment and Supplies							
	Supplies for Fire Prevention Office	8,851		8,851				
2194	Various Improvements	1,152,520		1,152,520				
2210	Repeal 2204-10: Acquisition of the Naugle House Property	204,244		204,244				
2219	Various Improvements	986,304		986,304				
2220	Improvements to Various Roads	537,843		537,843				
2244	Road Improvements	471,706		471,706				
2245	Various Improvements	2,454,477		2,431,477	23,000			23,000
2259	Improv. To Parks - Vogel/George St.	50,000			50,000		35,224	14,776
2281	Mun. Park Improv. - BC OS	75,000			75,000		73,305	1,695
2284	Various Improvements	2,084,315		2,084,100	215			215
2285	Improvements to Various Roads	464,500		464,500				
2294	Berdan Grove ADA Park Improv	50,000			50,000		50,000	
2309	Various Improvements	864,500		864,400	100			100
2310	Various Improvements	1,506,336		1,506,000	336			336
2337	Various Improvements	1,999,000		1,050,000	949,000	949,000		
2338	Roadway Improvements	1,142,800		1,142,800				
2376	Various Improvements		2,190,000		2,190,000	2,190,000		



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of General Serial Bonds Payable

## General Capital Fund

Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2016		Interest Rate	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
			Date	Amount					
Multi-Purpose	Dec. 1, 2001	15,255,000				\$ 1,205,000		1,205,000	
	Dec. 15, 2010	13,415,000	12/15/17	880,000	3.000%	10,365,000		785,000	9,580,000
			12/15/18	905,000	3.000%				
			12/15/19	920,000	3.000%				
			12/15/20	935,000	3.250%				
			12/15/21	950,000	3.500%				
			12/15/22	965,000	3.500%				
			12/15/23	980,000	3.750%				
			12/15/24	995,000	3.750%				
			12/15/25	1,025,000	3.875%				
			12/15/26	1,025,000	4.000%				
Multi-Purpose	Sept. 1, 2016	13,820,000	09/01/17	1,100,000	1.000%		13,820,000		13,820,000
			09/01/18	1,125,000	2.000%				
			09/01/19	1,000,000	2.000%				
			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%				
			09/01/29	1,275,000	2.000%				
			09/01/30	1,295,000	2.125%				
						\$ 11,570,000	13,820,000	1,990,000	23,400,000

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Capital Leases Payable

## General Capital Fund

Year Ended December 31, 2016

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2016					
			Date	Amount	Interest Rate	Balance Dec. 31, 2015	Decreased	Balance Dec. 31, 2016
Recreation Center	Nov. 15, 2004	12,860,000	09/15/17	415,000	2.000%	10,110,000	410,000	9,700,000
			09/15/18	420,000	1.500%			
			09/15/19	435,000	1.500%			
			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%			
			<hr/>					
			\$	10,110,000		410,000	9,700,000	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Bond Anticipation Notes Payable

## General Capital Fund

Year ended December 31, 2016

Ord. No.	Improvement Description	Date of original notes	Date of issue	Date of Maturity	Interest rate	Balance Dec. 31 2015	Increased	Decreased	Balance, Dec. 31, 2016
2053	Multiple Purpose	09/19/14	09/18/15	09/17/16	2.00%	\$ 96,000		96,000	
2074	Multiple Purpose	09/22/11	09/18/15	09/17/16	2.00%	336,517		336,517	
2122	Multiple Purpose	09/22/11	09/18/15	09/17/16	2.00%	407,516		407,516	
2159	Various Public Improvements	09/22/11	09/18/15	09/17/16	2.00%	844,209		844,209	
2182	Acquisition of Equipment - Police	09/22/11	09/18/15	09/17/16	2.00%	35,013		35,013	
2185	Fire Department Equipment/Equipment and Supplies for Fire Prevention Office	09/22/11	09/18/15	09/17/16	2.00%	8,851		8,851	
2194	Various Improvements	09/22/11	09/18/15	09/17/16	2.00%	1,152,520		1,152,520	
2210	Various Improvements	09/22/11	09/18/15	09/17/16	2.00%	204,244		204,244	
2219	Various Improvements	09/22/11	09/18/15	09/17/16	2.00%	986,304		986,304	
2220	Improvements of Various Roads	09/22/11	09/18/15	09/17/16	2.00%	537,843		537,843	
2244	Road Improvements	09/19/13	09/18/15	09/17/16	2.00%	471,706		471,706	
2245	Various Improvements	09/19/13	09/18/15	09/17/16	2.00%	2,431,477		2,431,477	
2284	Various Improvements	09/18/14	09/18/15	09/17/16	2.00%	480,100		480,100	
2285	Improvement of Various Roads	09/18/14	09/18/15	09/17/16	2.00%	464,500		464,500	
2284	Various Improvements	09/18/15	09/18/15	09/17/16	2.00%	1,604,000		1,604,000	
2309	Various Improvements	09/18/15	09/18/15	09/17/16	2.00%	864,400		864,400	
2310	Various Improvements	09/18/15	09/18/15	09/17/16	2.00%	1,506,000		1,506,000	
2337	Various Improvements	09/18/15	09/18/15	09/17/16	2.00%	1,050,000		1,050,000	
2338	Roadway Improvements	09/18/15	09/18/15	09/17/16	2.00%	1,142,800		1,142,800	
2337	Various Improvements	09/16/16	09/16/16	09/15/17	2.00%	949,000	949,000		949,000
2376	Various Improvements	09/16/16	09/16/16	09/15/17	2.00%	2,190,000	2,190,000		2,190,000
2377	Various Road Improvements	09/16/16	09/16/16	09/15/17	2.00%	1,438,000	1,438,000		1,438,000
2391	Construction of a Miniature Golf Course	09/16/16	09/16/16	09/15/17	2.00%	488,000	488,000		488,000
						\$ 14,624,000	5,065,000	14,624,000	5,065,000
						Cash \$	5,065,000		
						General Improvement Bonds Issued		13,820,000	
						Reserve for Payment of Notes Applied		804,000	
						\$	5,065,000	14,624,000	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Special Reserves

## General Capital Fund

Year Ended December 31, 2016

	Balance Dec. 31, 2015	Increased	Decreased	Balance Dec. 31, 2016
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	813,793		804,000	9,793
	<u>\$ 861,886</u>	<u>7,036</u>	<u>804,000</u>	<u>64,922</u>
Cash Receipts		7,036		
Paydown on Bond Anticipation Note Maturity			804,000	
		<u>\$ 7,036</u>	<u>804,000</u>	
<u>Analysis of Balance</u>				
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, 2016

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2015		2016 Authorizations	Paid or Charged	Balance Dec. 31, 2016	
			Funded	Unfunded			Funded	Unfunded
<u>General Improvements:</u>								
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		64,660		21,476	43,184	
2219	Various Improvements	1,103,800		91,547		48,259	43,288	
2220	Improvement of Various Roads	610,000		15,324		(419)	15,743	
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		56,732		(57,340)	114,072	
2245	Various Improvements	2,656,000		515,659		74,757	417,902	23,000
2247	Broadway Corridor Phase 2	146,500	146,500				146,500	
2259	Improv. To Parks - Vogel/George Street	100,000		15,845		1,069		14,776
2281	Muni Park Improvements - BC OS	150,000		1,695				1,695
2284	Various Improvements	2,217,700		282,500		16,671	265,614	215
2285	Improvements to Various Roads	510,000		8,202		(33,536)	41,738	
2288	Improv. Chandler Drive CDBG	162,000	47,103				47,103	
2293/2409	ADA Ramps, Curbs and Sidewalks	237,000	171,500		37,000	171,500	37,000	
2302	Senior Grease Trap/Sewer Line	20,000	20,000			17,021	2,979	
2303	Road Resurfacing					(18,737)	18,737	
2309	Various Improvements	910,000		4,295		(12)	4,207	100

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Improvement Authorizations

## General Capital Fund

Year Ended December 31, 2016

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2015		2016 Authorizations	Paid or Charged	Balance Dec. 31, 2016	
			Funded	Unfunded			Funded	Unfunded
2310	Various Improvements	1,612,000		525,695		196,354	329,005	336
2320	Fair Lawn Corridor Safety Improvements	511,850	71,528			(33,854)	105,382	
2326	Columbia Heights - Passive Park	20,000	7,195			1,540	5,655	
2337	Various Improvements	2,100,000		1,125,959		356,882		769,077
2338	Roadway Improvements	1,200,000		609,149		608,865	284	
2348	Senior Center Hand Railings	17,530	17,530			2,954	14,576	
2355	Generator Project for Emergency Services	250,000	20,264			1,995	18,269	
2375	Naugle-Vanderbeck House	115,000			115,000			
2376	Various Improvements	2,300,000			2,300,000	1,384,494		915,506
2377	Various Road Improvements	1,510,000			1,510,000	746,373		763,627
2379	Road Resurfacing	183,900			183,900			
2380	Senior Center Room Divider	21,400			21,400		21,400	
2384	Memorial Park and Pool Improvements	50,000			50,000	31,107	18,893	
2390	Improvements to 20th Street	155,500			155,500	155,500		
2391	Construction of a Miniature Golf Course	550,000			550,000	2,225	59,775	488,000
2402	Naugle-Vanderbeck House	131,226			131,226		131,226	
			\$ 761,102	3,341,719	5,054,026	3,994,044	2,162,014	3,000,789

Capital Improvement Fund  
 Community Development Block Grant 206,458  
 2016 DOT Municipal Aid Program 205,300  
 Bergen County Open Space Trust Fund 155,500  
 Bergen County Department of Public Works 333,768  
 Deferred Charges - Unfunded 37,000  
 4,116,000

\$ 5,054,026

Encumbrances 2,967,156  
 Disbursed 1,026,888  
 \$ 3,994,044

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Encumbrances Payable

## General Capital Fund

Year Ended December 31, 2016

Balance - December 31, 2015	\$	2,026,113
Increased by:		
Charged to Improvement Authorizations	2,967,156	
Other Accounts Receivable	<u>15,142</u>	
		<u>2,982,298</u>
		5,008,411
Decreased by:		
Payments		<u>2,026,113</u>
Balance - December 31, 2016	\$	<u><u>2,982,298</u></u>

<u>Analysis of Encumbrances</u>		
Paving Project - Board of Education	15,142	
Charges to Improvement Authorizations	<u>2,967,156</u>	
	\$	<u><u>2,982,298</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, 2016**

Balance - December 31, 2015	\$ <u>15,464</u>
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Balance - December 31, 2016	\$ <u><u>15,464</u></u>
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**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Capital Improvement Fund**

**General Capital Fund**

**Year Ended December 31, 2016**

Balance - December 31, 2015	\$ 187,697
Increased by:	
Budget Appropriation	<u>215,000</u>
	402,697
Decreased by:	
Appropriated to Finance Improvement	
Authorizations	<u>206,458</u>
Balance - December 31, 2016	\$ <u><u>196,239</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## General Capital Fund

Year ended December 31, 2016

	Due from/(to) Balance Dec. 31, 2015	Increased	Decreased	Due from/(to) Balance Dec. 31, 2016
Current Fund	\$ (411,501)	4,901	5,499	(412,099)
Water Utility Capital Fund	1,040,000			1,040,000
Water Utility Operating Fund	(4,690)			(4,690)
	<u>\$ 623,809</u>	<u>4,901</u>	<u>5,499</u>	<u>623,211</u>
<u>Analysis</u>				
Due to General Capital Fund	1,040,000			1,040,000
Due from General Capital Fund	(416,191)	4,901	5,499	(416,789)
	<u>\$ 623,809</u>	<u>4,901</u>	<u>5,499</u>	<u>623,211</u>
Interest on Investments \$			5,499	
Cash Disbursements		4,901		
		<u>\$ 4,901</u>	<u>5,499</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Grants Receivable

## General Capital Fund

Year Ended December 31, 2016

Balance - December 31, 2015	\$ <u>18,243</u>
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Balance - December 31, 2016	\$ <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, 2016

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2015</u>	<u>2016 Authorizations</u>	<u>Decreased</u>	<u>Adjustment</u>	<u>Balance Dec. 31, 2016</u>
<u>General improvements:</u>						
2053	Multiple Purpose	\$ 66,152				66,152
2245	Various Improvements	23,000			125,000	148,000
2259	Improv. To Parks - Vogel/George St.	50,000			(50,000)	
2281	Municipal Park Imps. - BCOS	75,000			(75,000)	
2284	Various Improvements	215			50,000	50,215
2294	Berdan Grove ADA Park Imps.	50,000			(50,000)	
2309	Various Improvements	100				100
2310	Various Improvements	336				336
2337	Various Improvements	949,000		949,000		
2376	Various Improvements		2,190,000	2,190,000		
2377	Various Road Improvements		1,438,000	1,438,000		
2391	Construction of a Miniature Golf Course		488,000	488,000		
		<u>\$ 1,213,803</u>	<u>4,116,000</u>	<u>5,065,000</u>		<u>264,803</u>
			Bond Anticipation Notes	<u>5,065,000</u>		
				<u>\$ 5,065,000</u>		



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Cash - Treasurer

## Water Utility Fund

Year ended December 31, 2016

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2015	\$ <u>5,247,941</u>	<u>3,395,454</u>
Increased by Receipts:		
Water Collector	6,406,753	
Interest on Investments	13,729	3,466
Other Miscellaneous	39,386	
Water Rent Overpayments	39,958	
Capital Improvement Fund		45,000
Utility Serial Bonds		<u>5,065,000</u>
	<u>6,499,826</u>	<u>5,113,466</u>
	11,747,767	8,508,920
Decreased by Disbursements:		
2016 Appropriations	5,403,134	
2015 Appropriation Reserves	352,156	
Water Rent Overpayments	314	
Accrued Interest on Bonds	47,106	
Bond Anticipation Notes		3,410,000
Encumbrances		472,877
Improvement Authorizations		<u>693,156</u>
	<u>5,802,710</u>	<u>4,576,033</u>
Balance, December 31, 2016	\$ <u><u>5,945,057</u></u>	<u><u>3,932,887</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Analysis of Cash

## Water Utility Capital Fund

December 31, 2016

		Balance, Dec. 31, <u>2016</u>
Fund Balance		\$ 179,042
Encumbrances Payable		338,434
Capital Improvement Fund		21,230
Interfunds Accounts Payable		2,704,893
Improvement authorizations:		
Ordinance		
<u>number</u>	<u>General improvements</u>	
2031	Multiple Purpose	(233,607)
2054	Improvements to Water System	(45,265)
2160	Improvements to Water System	(81,411)
2218	Various Improvements to Water System	(59)
2123	Improvements to Water System	12,141
2243	Various Improvements to Water System	158,509
2286	Impr. To Water Supply & Distr. System	31,508
2311	Impr. To Water Supply & Distr. System	28,862
2339	Impr. To Water Supply & Distr. System	305,312
2378	Impr. To Water Supply & Distr. System	513,298
		<hr/>
		\$ <u><u>3,932,887</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## Water Utility Operating Fund

Year ended December 31, 2016

	Due from/(to) Balance <u>Dec. 31, 2015</u>	<u>Increased</u>	Due from/(to) Balance <u>Dec. 31, 2016</u>
Current Fund	\$ 19,800		19,800
General Capital Fund	4,690		4,690
Water Utility Capital Fund	<u>411,427</u>	<u>3,466</u>	<u>414,893</u>
	<u>\$ 435,917</u>	<u>3,466</u>	<u>439,383</u>
<u>Analysis</u>			
Due from Other Trust Funds	<u>435,917</u>	<u>3,466</u>	<u>439,383</u>
	<u>\$ 435,917</u>	<u>3,466</u>	<u>439,383</u>
Interest on Investments		\$ <u>3,466</u>	
		\$ <u>3,466</u>	

**Exhibit D-8**

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

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

**Water Utility Fund**

**Year ended December 31, 2016**

Balance, December 31, 2015	\$	496,770
Increased by:		
2016 Levy		<u>6,608,569</u>
		7,105,339
Decreased by:		
Overpayments Applied	\$	14,682
Cash receipts		<u>6,406,753</u>
		<u>6,421,435</u>
Balance, December 31, 2016	\$	<u><u>683,904</u></u>

**Exhibit D-9**

**Inventory - Material and Supplies**

**Water Utility Fund**

**Year ended December 31, 2016**

Balance, December 31, 2015	\$	95,864
Increased by:		
Purchases		<u>126,417</u>
Balance, December 31, 2016	\$	<u><u>222,281</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Fixed Capital

## Water Utility Capital Fund

Year ended December 31, 2016

<u>Account</u>	Balance, Dec. 31, <u>2015</u>	Balance, Dec. 31, <u>2016</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, 2016

Ordinance number	Improvement description	Ordinance		Balance, Dec. 31, 2015	2016 Authorizations	Balance, Dec. 31, 2016
		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
				\$ 3,438,900	1,140,000	4,578,900

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of 2015 Appropriation Reserves

## Water Utility Fund

Year ended December 31, 2016

	Balance, Dec. 31, <u>2015</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 35,492	70,000	6,465	63,535
Other Expenses	<u>228,711</u>	<u>489,701</u>	<u>373,280</u>	<u>116,421</u>
Total Operating	<u>264,203</u>	<u>559,701</u>	<u>379,745</u>	<u>179,956</u>
Deferred Charges and Statutory Expenditures:				
Salary and Wage Adjustment		40,000	33,500	6,500
Social Security System (O.A.S.I.)	<u>8,008</u>	<u>232</u>		<u>232</u>
Total Deferred Charges and Statutory Expenditures	<u>8,008</u>	<u>40,232</u>	<u>33,500</u>	<u>6,732</u>
	<u>\$ 272,211</u>	<u>599,933</u>	<u>413,245</u>	<u>186,688</u>
Appropriation Reserves		272,211		
Encumbrances		<u>327,722</u>		
		<u>\$ 599,933</u>		
		Cash \$	352,156	
		Transfer to Accounts Payable	<u>61,089</u>	
			<u>\$ 413,245</u>	

Exhibit D-13

BOROUGH OF FAIR LAWN, N.J.

Schedule of Accounts Payable

Water Utility Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	3,234
Increased by:		
Transfer from Appropriation Reserves		<u>61,089</u>
		64,323
Decreased by:		
Cancelled		<u>3,234</u>
Balance, December 31, 2016	\$	<u><u>61,089</u></u>

Exhibit D-14

Schedule of Water Rent Overpayments

Water Utility Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$	9,968
Increased by:		
Current year overpayments		<u>39,958</u>
		49,926
Decreased by:		
Overpayments applied	\$	14,682
Cancelled		18,076
Refunded		<u>314</u>
		<u>33,072</u>
Balance, December 31, 2016	\$	<u><u>16,854</u></u>



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Accrued Interest on Bonds and Notes

## Water Utility Fund

Year ended December 31, 2016

Balance, December 31, 2015	\$ 21,008
Increased by:	
Budget Appropriation	<u>61,969</u>
	82,977
Decreased by:	
Payments	<u>47,106</u>
Balance, December 31, 2016	\$ <u><u>35,871</u></u>

Analysis of Accrued Interest

	Principal Outstanding <u>Dec. 31, 2016</u>	<u>Period</u>	Interest <u>Rate</u>	<u>Amount</u>
Serial Bonds				
\$ 1,200,000	15 Days	3.00%	\$ 802	
5,065,000	4 Months	1.00%	34,267	
Unallocated Accruals			<u>802</u>	
			\$ <u><u>35,871</u></u>	

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

**Schedule of Reserve for Encumbrances Payable**

**Water Utility Capital Fund**

**Year Ended December 31, 2016**

Balance - December 31, 2015	\$ 472,877
Increased by:	
Charged to Improvement Authorizations	<u>338,434</u>
	811,311
Decreased by:	
Payments	<u>472,877</u>
Balance - December 31, 2016	\$ <u><u>338,434</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Improvement Authorizations

## Water Utility Capital Fund

Year ended December 31, 2016

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, Dec. 31, 2015		2016 Authorizations	Expended	Balance, Dec. 31, 2016	
				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		158,635		126	158,509	
2286	Impr. To Water Supply & Distr. System	July 16, 2013	326,400		97,704		66,116	31,508	80
2311	Impr. To Water Supply & Distr. System	April 8, 2014	545,000		252,856		223,994	28,862	
2339	Impr. To Water Supply & Distr. System	April 14, 2015	800,000		424,514		119,202	305,312	
2378	Impr. To Water Supply & Distr. System	April 19, 2016	1,140,000			1,140,000	622,152	513,298	4,550
				\$	945,850	1,140,000	1,031,590	1,049,630	4,630
						Encumbrances \$	338,434		
						Cash Disbursement	693,156		
							\$ 1,031,590		
						Authorized Not Issued \$	1,085,000		
						Capital Improvement Fund	55,000		
							\$ 1,140,000		

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## Water Utility Capital Fund

Year ended December 31, 2016

	Due from/(to) Balance <u>Dec. 31, 2015</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2016</u>
Current Fund	(1,250,000)		(1,250,000)
Capital Fund	(1,040,000)		(1,040,000)
Water Utility Operating Fund	<u>(411,427)</u>	<u>3,466</u>	<u>(414,893)</u>
	<u>\$ (2,701,427)</u>	<u>3,466</u>	<u>(2,704,893)</u>
<u>Analysis</u>			
Due to Other Trust Funds	<u>(2,701,427)</u>	<u>3,466</u>	<u>(2,704,893)</u>
	<u>\$ (2,701,427)</u>	<u>3,466</u>	<u>(2,704,893)</u>
Interest on Investments	\$	<u>3,466</u>	
		<u>\$ 3,466</u>	

**Exhibit D-19**

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Capital Improvement Fund**  
**Water Utility Capital Fund**  
**Year ended December 31, 2016**

Balance, December 31, 2015	\$ <u>31,230</u>
Increased by:	
2016 Budget Appropriation	<u>45,000</u>
	76,230
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>55,000</u>
Balance, December 31, 2016	\$ <u><u>21,230</u></u>

**Exhibit D-20**

**Schedule of Reserve for Amortization**  
**Water Utility Capital Fund**  
**Year ended December 31, 2016**

Balance, December 31, 2015	\$ 15,051,863
Increased by:	
Budget Appropriation - Serial Bond Principal	<u>250,000</u>
	15,301,863
Decreased by:	
Prior Period Adjustment	<u>44,148</u>
Balance, December 31, 2016	\$ <u><u>15,257,715</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Deferred Reserve for Amortization

## Water Utility Capital Fund

Year ended December 31, 2016

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date of Ordinance</u>	Balance, Dec. 31, <u>2015</u>	<u>Increased</u>	Balance, Dec. 31, <u>2016</u>
2123	Improvement to Water System	August 19, 2008	\$ 19,771		19,771
2243	Various Improvements to Water System	Sept. 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
			<u>\$ 267,028</u>	<u>55,000</u>	<u>322,028</u>
			Capital Improvement Fund \$	<u>55,000</u>	
				<u>55,000</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Water Utility Serial Bonds

## Water Utility Capital Fund

Year ended December 31, 2016

Purpose	Date of issue	Original issue	Maturities of bonds outstanding, December 31, 2016		Interest rate	Balance, Dec. 31, 2015	Issued	Decreased	Balance, Dec. 31, 2016
			Date	Amount					
Water Improvements	Dec. 1, 2001	715,000				\$ 50,000		50,000	
Water Improvements	Dec. 15, 2010	2,245,000	Dec. 15, 2017	200,000	3.00%	1,400,000		200,000	1,200,000
			Dec. 15, 2018	200,000	3.00%				
			Dec. 15, 2019	200,000	3.00%				
			Dec. 15, 2020	200,000	3.00%				
			Dec. 15, 2021	200,000	3.25%				
			Dec. 15, 2022	200,000	3.50%				
Water Improvements	Sept. 1, 2016	5,065,000	Sept. 1, 2017	200,000	1.000%	5,065,000			
			Sept. 1, 2018	215,000	2.000%				
			Sept. 1, 2019	225,000	2.000%				
			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%				
						\$ 1,450,000	5,065,000	250,000	6,265,000

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Bond Anticipation Notes Payable

## Water Utility Capital Fund

Year ended December 31, 2016

Ord. No.	Improvement Description	Date of issue of original notes	Date of issue	Date of Maturity	Interest rate	Balance Dec.31 2015	Decreased
2031	Multiple Purpose	Sept. 22, 2011			2.00%	84,166	84,166
2054	Improvements to Water System	Sept. 22, 2011			2.00%	185,032	185,032
2123	Various Improvements to Water System	Sept. 19, 2013			2.00%	157,213	157,213
2160	Improvements to Water System	Sept. 22, 2011			2.00%	140,190	140,190
2195	Improvements to Water System	Sept. 22, 2011			2.00%	239,157	239,157
2218	Various Improvements to Water System	Sept. 22, 2011			2.00%	66,729	66,729
2243	Improvements to Water System	Sept. 19, 2013			2.00%	1,460,513	1,460,513
2286	Improvements to Water System	Sept. 18, 2014			2.00%	46,000	46,000
2286	Improvements to Water System	Sept. 17, 2015			2.00%	259,000	259,000
2311	Improvements to Water System	Sept. 17, 2015			2.00%	272,000	272,000
2339	Improvements to Water System	Sept. 17, 2015			2.00%	500,000	500,000
						\$ 3,410,000	3,410,000
						Bond Sale \$ 3,410,000	



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## Water Utility Capital Fund

Year ended December 31, 2016

Ordinance Number	Improvement Description	Balance Dec. 31, 2015	2016 Authorizations	Decreased by:	Balance Dec. 31, 2016
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
2243	Various Improvements to Water System	67,000		67,000	
2286	Improvement of Water Supply & Distribution System	80			80
2311	Improvement of Water Supply & Distribution System	245,750		245,750	
2239	Various Improvements to Water System	261,800		261,800	
2378	Improvement of Water Supply & Distribution System		1,085,000	1,080,450	4,550
		<u>\$ 934,972</u>	<u>1,085,000</u>	<u>1,655,000</u>	<u>364,972</u>
			Bond Issuance	<u>1,655,000</u>	
				<u>\$ 1,655,000</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, 2016**

# 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, 2016 and the related notes to the financial statements, and have issued our report thereon dated June 29, 2017, 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

June 29, 2017



## 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:

- Chlorine for Memorial Pool
- Water Meter Replacement
- Arcade Games for Fair Lawn Community Center
- Uniforms, Police, Auxiliary Police Crossing Guard
- Project #2203 Fair Lawn Improvements
- Project #2256 Scada System Maintenance and Improvements
- Project #2205 Fair Lawn Avenue Improvement (Various Intersections)
- Radio Repair and Maintenance
- Ten 55 Pound Pails of Chlorine Accu-Tab Blue Calcium Hypochlorite Tablets for Memorial Pool
- Municipal Facilities HVAC Maintenance and Repair
- Project #2259 Roadway Improvements Contract I
- Rectangular Open Top Roll-Off Containers
- Fire Department and Fire Prevention Bureau Uniforms
- Project #2259 2016 Roadway Improvements Contract II
- Curb and Sidewalk Replacement
- Single Valve Maintenance Trailer
- Project #2187 Naugle Vanderbeck House Phase I Rehabilitation
- Disposal of Solid Waste
- Water and Sewage Pump Station Maintenance
- Snow Plowing and Hauling Services
- Project #2266 Water Meter Replacement Program Phase II

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 5, 2016 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 19, 2016 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>
2016	3
2015	4
2014	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 & RECOMMENDATIONS  
DECEMBER 31, 2016**

**COMMENTS**

**FINANCE**

1. There are items included in the accounts payable balance for items that may no longer be valid.
2. There is an unallocated balance in the Other Trust Fund Reserve for Special Deposits – Tax Sale.

**DEPARTMENTS**

3. A monthly summary receipt ledger is not maintained by the following departments:
  - Health Department
  - Fire Prevention Department
  - Recreation Department

**Municipal Court**

4. The reconciled cash bail per the bank account does not agree to the Bail on Account per ATS/ACS.

**Health Department**

5. Payments to the State of New Jersey for dog license collections are not being remitted in a timely manner.



**BOROUGH OF FAIR LAWN  
COMMENTS & RECOMMENDATIONS  
DECEMBER 31, 2016  
(CONTINUED)**

**RECOMMENDATIONS**

**FINANCE**

1. That the listing of accounts payable be reviewed and items no longer applicable be cancelled.
2. That the Other Trust Fund be reviewed and any unallocated amounts be turned over to the Current Fund.

**DEPARTMENTS**

3. That a monthly summary of receipts be maintained by each department.

**Municipal Court**

4. That the Bail on Account must be reconciled to the Bail Account cash on a monthly basis.

**Health Department**

5. That fees collected that are due to the State be remitted in a timely manner.

## 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

June 29, 2017