

**BOROUGH OF FAIR LAWN**

**Financial Statements With  
Supplementary Information  
December 31, 2017**

**(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, 2017**

# **Ferraioli, Wielkott, Cerullo & Cuva, P.A.**

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkott, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## **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, 2017 and 2016, 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, 2017, 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, 2017 and 2016, or changes in financial position for the years then ended.

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

As described in Note 15 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,531,454 and \$1,314,675 for 2017 and 2016, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



Government Accounting Standards Board (GASB), Statements No. 68, *Accounting and Financial Reporting for Pensions* requires a State or Local Government employer to recognize a net pension liability measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period. Since New Jersey municipalities and counties do not follow Generally Accepted Accounting Principles a liability is not recognized on the Balance Sheet. However, the State of New Jersey Local Finance Notice 2015-24 requires that municipalities and counties disclose GASB Statement No. 68 information in the Notes to the Financial Statements that meet the requirements of GASB Statement No. 68. The information that is disclosed in the Notes to the Financial Statements is more than 12 months prior to the Boroughs year end and therefore does not meet the requirements of GASB No. 68.

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

In our opinion, except for the effect of the matters described in the "*Basis for Qualified Opinion on Regulatory Basis of Accounting*" paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2017 and 2016, 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, 2017 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.

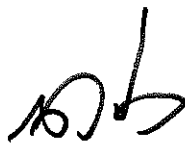
The supplemental information listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2018 on our consideration of the Borough of Fair Lawn's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Fair Lawn's internal control over financial reporting and compliance.



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



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

February 12, 2018



**Exhibit A**

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

**Comparative Balance Sheet - Regulatory Basis**

**Current Fund**

**December 31, 2017 and 2016**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 41,900,213	32,223,960
Change Fund	A-5	630	630
		<u>41,900,843</u>	<u>32,224,590</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-7	790,600	909,175
Tax Title Liens	A-8	22,268	22,872
Other Liens Receivable	A-9	629	629
Property Acquired for Taxes -			
Assessed Valuation	A-10	73,260	73,260
Revenue Accounts Receivable	A-11	41,702	51,769
Due from Special Improvement District	A-23	863	
Interfund Accounts Receivable	A-12	5,232,338	2,185,098
		<u>6,161,660</u>	<u>3,242,803</u>
		<u>48,062,503</u>	<u>35,467,393</u>
Federal and State Grant Fund:			
Cash	A-4	201,835	345,939
Interfund Accounts Receivable	A-25	7,344	7,623
Grants Receivable	A-26	314,158	306,483
		<u>523,337</u>	<u>660,045</u>
		<u>\$ 48,585,840</u>	<u>36,127,438</u>

## Exhibit A

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-13	\$ 4,258,161	3,877,539
Encumbrances Payable	A-3/A-14	1,342,472	1,232,100
Interfund Accounts Payable	A-12	27,143	496,360
Accounts Payable	A-15	439,977	2,088,619
Reserve for Other Expenditures	A-16	10,246,503	9,201,834
Reserve for Library Expenditures	A-17	85,146	45,863
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	A-18	177,402	171,868
Construction Training Fees	A-19	11,037	7,849
Tax Overpayments	A-20	53,152	46,176
Local School Taxes Payable	A-21	861,734	861,734
County Taxes Payable	A-22	28,783	34,291
SID Taxes Payable	A-23		2,930
Prepaid Taxes	A-24	8,865,667	802,632
		26,397,177	18,869,795
Reserve for Receivables	Contra	6,161,660	3,242,803
Fund Balance	A-1	15,503,666	13,354,795
		48,062,503	35,467,393
Federal and State Grant Fund:			
Unappropriated Reserve for Grants	A-27	5,240	121,616
Appropriated Reserve for Grants	A-28	518,097	467,687
Encumbrances Payable	A-29		70,742
		523,337	660,045
		\$ 48,585,840	36,127,438

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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues and Other Income:		
Fund Balance Utilized	3,650,000	3,650,000
Miscellaneous Revenue Anticipated	8,312,764	7,873,199
Receipts from Delinquent Taxes	911,536	950,482
Receipts from Current Taxes	135,116,883	130,967,803
Non-Budget Revenue	876,772	1,229,016
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	2,375,233	1,375,841
Accounts Payable Cancelled	1,807,614	40,879
	<hr/>	<hr/>
Total Revenues and Other Income	153,050,802	146,087,220
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	19,021,375	19,259,251
Other Expenses	18,879,049	18,727,758
Capital Improvement Fund	405,000	315,000
Municipal Debt Service	3,464,987	3,486,825
Deferred Charges and Statutory Expenditures -		
Municipal	4,214,466	4,039,422
Local District School Tax	85,574,739	82,220,363
County Taxes including Added Taxes	11,975,168	11,420,122
Special Improvement District Taxes	269,337	272,920
Municipal Open Space Tax	209,752	209,828
Prior Year Open Space Taxes - Added/Omitted		989
Prior Year Seniors & Vet Deductions	7,500	10,316
Transfer to Prepaid Taxes		158,279
Interfunds Advanced	3,002,170	6,593
Refunds	84,185	
Tax Overpayments	144,203	469,166
	<hr/>	<hr/>
Total Expenditures	147,251,931	140,596,832
Excess (Deficit) Revenue Over Expenditures	5,798,871	5,490,388
Fund Balance, January 1,	<hr/>	<hr/>
	13,354,795	11,514,407
	<hr/>	<hr/>
	19,153,666	17,004,795
Decreased by:		
Fund Balance Utilized as Budget Revenue	3,650,000	3,650,000
	<hr/>	<hr/>
Fund Balance, December 31,	15,503,666	13,354,795
	<hr/>	<hr/>

See accompanying notes to the financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2017

	<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	42,990	5,690
Other	17,000	20,706	3,706
Fees and Permits	400,000	508,032	108,032
Fines and Costs:			
Municipal Court	425,000	617,159	192,159
Interest and Costs on Taxes	165,000	167,398	2,398
Interest on Investments and Deposits	30,000	179,247	149,247
Tax and Assessment Searches	60	100	40
Memorial Pool	300,000	403,378	103,378
Sewer User Charges	25,040	105,267	80,227
Uniform Fire Safety Act	208,000	229,806	21,806
Cable Television Fees	413,700	454,662	40,962
Hotel Tax	125,000	145,027	20,027
Ambulance	450,000	553,822	103,822
Consolidated Municipal Property Tax Relief Aid	26,389	26,389	
Energy Receipts Tax	3,718,144	3,718,144	
Uniform Construction Code Fees	840,000	916,010	76,010
Drunk Driving Enforcement Fund	1,666	1,666	
Clean Communities Program	68,312	68,312	
Municipal Alliance on Alcoholism and Drug Abuse	15,279	15,279	
Recycling Grant	109,000	109,000	
Federal OEM Grant	5,000	5,000	
NJACCHO - Health Grant	3,820	3,820	
Municipal Court - Alcohol Education	650	650	
Municipal Court - POAA	15,600	15,600	
Body Armor	5,300	5,300	
Total Miscellaneous Revenues	7,405,260	8,312,764	907,504

## BOROUGH OF FAIR LAWN, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2017

Receipts from Delinquent Taxes	900,000	911,536	11,536
Subtotal General Revenues	11,955,260	12,874,300	919,040
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes Minimum Library Tax	35,988,046 1,576,585	38,811,302 1,576,585	2,823,256
Total Amount to be Raised by Taxation	37,564,631	40,387,887	2,823,256
Budget Totals	49,519,891	53,262,187	3,742,296
Non-Budget Revenue		876,772	876,772
	\$ 49,519,891	54,138,959	4,619,068

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 135,116,883
Allocated to School and County Taxes	\$ 97,549,907
Special District Taxes	269,337
Municipal Open Space Taxes	209,752
	98,028,996
Balance for Support of Municipal Budget Appropriations	37,087,887
Add : Appropriation - Reserve for Uncollected Taxes	3,300,000
Amount for Support of Municipal Budget Appropriations	\$ 40,387,887
Receipts from Delinquent Taxes:	
Tax Title Liens	1,586
Delinquent Taxes	909,950
	\$ 911,536

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

**Current Fund**

**Year Ended December 31, 2017**

Analysis of Non-budget Revenues

Recreation Fees	\$ 129,073
Copies, Maps and Plans	1,308
Maps	156
Police Fees	1,864
Traffic Lights	1,490
Dumpster Fees	2,850
List of Property Owners	830
Police Reimbursement Special III	14,422
Property Maintenance Charges	5,897
Café License	1,500
Cell Tower Revenue	173,068
DMV Fees	15,272
Offsets Not Applied	215,469
Tax Sale Fee	7,655
Refunds	8,239
Police Resource Officer	61,461
Reimbursements	28
Vending Machine	363
Bus Shelter Revenue	4,800
County Snow Plowing	8,720
PVSC	1,574
Range	2,000
Borough Calendar-Columbi Bank	7,600
Shared Services	110,909
Auction	3,940
Misceallaneous	15,423
Canceled Trust Funds	80,861
	<hr/>
	\$ <u><u>876,772</u></u>

See accompanying notes to the financial statements.



## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2017

	<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	\$ 490,100	420,100	415,727	4,373	
Other Expenses	125,250	137,750	125,972	11,778	
Mayor and Council:					
Salaries and Wages	10,000	12,000	11,875	125	
Other Expenses	200,300	347,300	207,687	139,613	
Cultural Center					
Salaries and Wages		90,000	89,659	341	
Other Expenses		3,500	1,454	2,046	
Municipal Clerk:					
Salaries and Wages		312,600	311,270	1,330	
Other Expenses		63,200	53,977	9,223	
Financial Administration:					
Salaries and Wages	322,900	322,900	189,935	132,965	
Other Expenses	117,000	182,000	181,972	28	
Assessment of Taxes:					
Salaries and Wages	222,800	222,800	222,788	12	
Other Expenses	51,400	51,400	7,044	44,356	
Collection of Taxes:					
Salaries and Wages	111,400	114,400	113,450	950	
Other Expenses	39,000	39,000	30,135	8,865	
Legal Services and Cost:					
Other Expenses	264,100	214,100	164,395	49,705	
Labor Attorney:					
Other Expenses	85,000	65,000	36,452	28,548	
Engineering Services and Costs:					
Salaries and Wages	393,200	443,200	437,394	5,806	
Other Expenses	13,070	13,070	11,801	1,269	
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					
Planning Board:					
Other Expenses	34,900	34,900	13,186	21,714	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2017

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Zoning Board of Adjustment:					
Other Expenses	35,500	25,500	18,801	6,699	
Insurance:					
Self Insurance Program					
Liability Insurance (N.J.S.A. 40:10-12)	650,000	650,000	499,503	150,497	
Workers Compensation Insurance					
(N.J.S.A. 40:10-12)	625,000	625,000	490,894	134,106	
Group Insurance Plan for Employee's:					
Health Insurance - Not Self Funded	5,828,000	5,728,000	4,481,031	1,246,969	
Other Insurance Premiums	331,200	231,200	102,410	128,790	
Unemployment Compensation Insurance					
(N.J.S.A. 43:21-3)	90,000	90,000	90,000		
Public Safety:					
Police:					
Salaries and Wages	8,946,200	8,822,700	8,434,337	388,363	
Other Expenses	465,000	490,000	478,884	11,116	
Police Dispatch:					
Salaries and Wages	421,000	391,000	358,318	32,682	
Emergency Management:					
Salaries and Wages	28,000	28,000	27,131	869	
Other Expenses	134,700	134,700	118,273	16,427	
Fire:					
Salaries and Wages	10,000	14,000	12,834	1,166	
Other Expenses	223,000	223,000	221,745	1,255	
Ambulance:					
Other Expenses	103,500	106,500	105,286	1,214	
Uniform Fire Safety Act: (P.L. 1983 Chap. 383)					
Salaries and Wages	225,000	205,000	161,988	43,012	
Other Expenses	15,150	15,150	8,682	6,468	
Municipal Prosecutor:					
Salaries and Wages	21,000	21,000	20,617	383	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2017

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Municipal Court					
Salaries and Wages	246,900	261,400	256,155	5,245	
Other Expenses	30,450	30,450	21,645	8,805	
Public Works:					
Road Repairs and Maintenance:					
Salaries and Wages	762,000	762,000	728,969	33,031	
Other Expenses	98,700	173,700	95,667	78,033	
Shade Tree:					
Salaries and Wages	335,900	300,900	286,156	14,744	
Other Expenses	95,100	115,100	100,494	14,606	
Electrical Services:					
Salaries and Wages	74,300	87,300	83,168	4,132	
Other Expenses	13,250	23,250	17,257	5,993	
Public Buildings and Grounds:					
Salaries and Wages	242,200	207,200	193,093	14,107	
Other Expenses	216,250	186,250	172,610	13,640	
Maintenance Garage:					
Salaries and Wages	282,300	287,300	276,070	11,230	
Other Expenses	216,150	201,150	185,603	15,547	
Community Services Act:					
Other Expenses	15,000	15,000		15,000	
Administration of Public Works:					
Salaries and Wages	206,000	206,000	201,381	4,619	
Other Expenses	157,950	157,950	70,714	87,236	
Sanitation:					
Sewer System:					
Salaries and Wages	316,100	379,100	364,546	14,554	
Other Expenses	137,100	137,100	136,303	797	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2017

	<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	308,200	333,200	317,705	15,495	
Other Expenses	666,300	831,300	817,520	13,780	
Health and Human Services:					
Health Department:					
Salaries and Wages	372,800	372,800	362,786	10,014	
Other Expenses	67,050	67,050	47,492	19,558	
Administration of Social Services:					
Salaries and Wages	54,000	54,000	47,388	6,612	
Other Expenses	1,750	1,750	978	772	
Mental Health Program (N.J.S.A. 40:5-9):					
Contractual	12,200	12,200	12,200		
Animal Control					
Other Expenses	62,000	62,000	45,780	16,220	
Recreation and Parks:					
Recreation:					
Salaries and Wages	1,249,800	1,369,800	1,342,552	27,248	
Other Expenses	154,150	97,200	87,362	9,838	
Recreation-Special Clubs					
Other Expenses		56,950	52,479	4,471	
Parks and Playgrounds:					
Salaries and Wages	612,000	627,000	620,351	6,649	
Other Expenses	94,100	94,100	87,843	6,257	
Celebration of Public Events:					
Other Expenses	52,500	52,500	47,157	5,343	
Veterans' Service Bureau:					
Other Expenses	8,300	8,300	4,869	3,431	
Unclassified:					
Terminal Leave:					
Salaries and Wages	148,000	163,000	162,866	134	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2017

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Salaries and Wages Adjustment	355,800	3,300		3,300	
Postage:					
Other Expenses	78,000	78,000	42,821	35,179	
Purchase of Vehicle & Equipment	30,000	30,000	29,033	967	
Utility Expenses and Bulk Purchases					
Electricity	550,000	550,000	501,824	48,176	
Heating Oil	10,000	10,000	7,647	2,353	
Gas	110,000	110,000	77,432	32,568	
Gasoline	265,000	265,000	159,987	105,013	
Street Lighting	375,000	375,000	312,791	62,209	
Telephone, Internet & Communication Lines	186,000	276,000	234,354	41,646	
Landfill and Solid Waste Disposal Costs					
Garbage and Trash Removal:					
Contractual	960,000	960,000	747,000	213,000	
Other Expenses	1,076,000	1,076,000	949,201	126,799	
Uniform Construction Code:					
Construction Code Official:					
Salaries and Wages	885,200	885,200	857,862	27,338	
Other Expenses	11,500	13,500	12,397	1,103	
Public Defender					
Salaries and Wages	6,700	9,200	8,133	1,067	
Total Operations within "CAPS"	33,190,470	33,265,470	29,444,548	3,820,922	
B. Contingent	1,000	1,000		1,000	
Total Operations Including Contingent-within "CAPS"	33,191,470	33,266,470	29,444,548	3,821,922	
Detail:					
Salaries & Wages	17,946,400	17,728,400	16,916,504	811,896	
Other Expenses (Including Contingent)	15,245,070	15,538,070	12,528,044	3,010,026	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2017

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
(2) STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	1,373,557	1,398,557	1,396,732	1,825	
Social Security System (O.A.S.I.)	1,100,000	1,000,000	794,971	205,029	
Consolidated Police and Firemen's Pension	10,000	10,000		10,000	
Police and Firemen's Retirement System of N.J.	1,788,059	1,788,059	1,788,059		
DCRP	17,850	17,850	12,918	4,932	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	4,289,466	4,214,466	3,992,680	221,786	
Total General Appropriations for Municipal Purposes within "CAPS"	37,480,936	37,480,936	33,437,228	4,043,708	
Passaic Valley Sewer Commission:					
Share of Costs	1,800,000	1,800,000	1,736,504	63,496	
Maintenance of Free Public Library					
Salaries and Wages	1,292,975	1,292,975	1,237,419	55,556	
Other Expenses	705,852	1,180,852	1,118,818	62,034	
LOSAP Program					
Contribution	85,000	85,000	81,945	3,055	
Health Benefits	475,000				
Recycling Tax Appropriation	40,500	40,500	36,261	4,239	
Total Other Operations - Excluded from "CAPS"	4,399,327	4,399,327	4,210,947	188,380	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2017

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public and Private Programs Offset by Revenues					
Matching Funds for Grants:					
Municipal Alliance Against alcohol and Drug Abuse	3,819	3,819	3,819		
Matching Fund Grants					
for Municipal Alliance Grant	6,181	6,181	6,181		
Alcohol Ed Grant	650	650	650		
Enforcing Underage Drinking	1,666	1,666	1,666		
Municipal Alliance	15,279	15,279	15,279		
OEM	5,000	5,000	5,000		
Recycling Grant	109,000	109,000	109,000		
Clean Communities Grant (N.J.S.A. 13:1e-99.2)	10,000	68,312	68,312		
Body Armor Grant	5,300	5,300	5,300		
POAA Grant	15,600	15,600	15,600		
NJACCHO		3,820	3,820		
Total Public and Private Programs Offset by Revenues	172,495	234,627	234,627		
Total Operations-Excluded from "CAPS"	4,571,822	4,633,954	4,445,574	188,380	
Detail:					
Salaries and Wages	1,292,975	1,292,975	1,237,419	55,556	
Other Expenses	3,278,847	3,340,979	3,208,155	132,824	
Capital Improvements - Excluded from "CAPS"					
Capital Improvement Fund	190,000	190,000	190,000		
Acquisition of Equipment	215,000	215,000	188,924	26,076	
Total Capital Improvements Excluded from "CAPS"	405,000	405,000	378,924	26,076	

## BOROUGH OF FAIRLAWN, N.J.

## Statement of Expenditures - Regulatory Basis

## Current Fund

Year Ended December 31, 2017

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	1,980,000	1,980,000	1,980,000		225,000
Payment of Note Principal	225,000	225,000			7,836
Interest on Bonds	601,000	601,000	593,164		281
Interest on Notes	101,300	101,300	101,019		
Bergen County Improvement Authority					
Payment of Bond Principal	415,000	415,000	415,000		1,895
Interest on Bonds	377,700	377,700	375,805		
Total Municipal Debt Service-Excluded from "CAPS"	3,700,000	3,700,000	3,464,988		235,012
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	8,676,822	8,738,954	8,289,486	214,456	235,012
Subtotal General Appropriations	46,157,758	46,219,890	41,726,714	4,258,164	235,012
Reserve for Uncollected Taxes	3,300,000	3,300,000	3,300,000		
Total General Appropriations	\$ 49,457,758	\$ 49,519,890	\$ 45,026,714	\$ 4,258,164	\$ 235,012
Adopted Budget \$		49,457,758			
Appropriation by 40-A4-87		62,132			
	\$	\$ 49,519,890			
Reserve for Uncollected Taxes \$			3,300,000		
Federal and State Grants			234,627		
Encumbrances			1,342,472		
Cash			40,149,615		
			\$ 45,026,714		

See accompanying notes to the financial statements.



## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2017 and 2016

	<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Animal Trust Fund:				
Cash		B-1	<u>107,584</u>	<u>91,157</u>
			<u>107,584</u>	<u>91,157</u>
Other Trust Funds:				
Cash		B-1	<u>1,573,185</u>	<u>1,793,105</u>
Unemployment Compensation Insurance Trust Fund:				
Cash		B-1	<u>369,940</u>	<u>300,446</u>
			<u>369,940</u>	<u>300,446</u>
Self-Insurance Trust Fund:				
Cash		B-1	<u>9,014,451</u>	<u>7,384,885</u>
Council on Affordable Housing Trust				
Cash		B-1	<u>92,785</u>	<u>47,986</u>
Free Public Library Trust Fund:				
Cash		B-1	<u>114,613</u>	<u>113,755</u>
Cafeteria Plan Trust Fund:				
Cash		B-1	<u>25,210</u>	<u>23,605</u>
Veteran's Affairs				
Cash		B-1	<u>24,451</u>	<u>14,945</u>
Emergency Services Volunteer Length of Services Award Program (Unaudited):				
Cash in Plan		B-1	<u>1,452,406</u>	<u>1,232,730</u>
Service Award Contributions Receivable		B-18	<u>79,048</u>	<u>81,945</u>
			<u>1,531,454</u>	<u>1,314,675</u>
			<u>\$ 12,853,673</u>	<u>11,084,559</u>

**Exhibit B**

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

**Comparative Balance Sheet - Regulatory Basis**

**Trust Funds**

**December 31, 2017 and 2016**

<u>Liabilities, Reserves &amp; Fund Balance</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<b>Animal Trust Fund:</b>			
Prepaid Licenses	B-2	1,684	6,786
Animal Trap Deposits	B-3	7,840	7,840
Due to State of New Jersey	B-4	176	1,075
Interfund Accounts Payable	B-5	51,479	20,674
Reserve for Animal Trust Fund Expenditures	B-9	46,405	54,782
		<u>107,584</u>	<u>91,157</u>
<b>Other Trust Fund:</b>			
Due to State of New Jersey	B-4	730	780
Interfund Accounts Payable	B-5	6,008	4,253
Sundry Reserve and Deposits	B-6	585,579	1,072,890
Escrow Reserves and Deposits	B-7	638,994	424,080
Donation Reserves and Deposits	B-8	341,874	291,102
		<u>1,573,185</u>	<u>1,793,105</u>
<b>Unemployment Compensation Insurance Trust Fund:</b>			
Due to State of New Jersey	B-4		993
Interfund Accounts Payable	B-5	935	555
Reserve for Unemployment Compensation Insurance Expenditures	B-10	369,005	298,898
		<u>369,940</u>	<u>300,446</u>
<b>Self-Insurance Trust Fund:</b>			
Interfund Accounts Payable	B-5	494,972	17,788
Reserve for:			
Worker's Compensation Expenditures	B-11	1,602,514	874,995
Liability Insurance Expenditures	B-12	2,639,163	2,170,239
Health Benefits Plan	B-13	4,277,802	4,321,863
		<u>9,014,451</u>	<u>7,384,885</u>
<b>Council on Affordable Housing Trust</b>			
Reserve for Expenditures	B-14	92,785	47,986
		<u>92,785</u>	<u>47,986</u>

**Exhibit B****BOROUGH OF FAIR LAWN, N.J.****Comparative Balance Sheet - Regulatory Basis****Trust Funds****December 31, 2017 and 2016**

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves &amp; Fund Balance (Cont...)</u>			
Free Public Library Trust Fund:			
Reserve for Library Trust Expenditures	B-15	22,142	21,284
Reserve for Restricted Trust Expenditures	B-16	<u>92,471</u>	<u>92,471</u>
		<u>114,613</u>	<u>113,755</u>
Cafeteria Plan Trust Fund:			
Interfund Accounts Payable	B-5	485	465
Reserve for Cafeteria Plan Expenditures	B-17	<u>24,725</u>	<u>23,140</u>
		<u>25,210</u>	<u>23,605</u>
Veteran's Affairs Trust Fund:			
Interfund Accounts Payable	B-5	33	14
Reserve for Veteran's Affairs Expenditures	B-20	<u>24,418</u>	<u>14,931</u>
		<u>24,451</u>	<u>14,945</u>
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Net Assets Available for Benefits	B-19	<u>1,531,454</u>	<u>1,314,675</u>
		<u>\$ 12,853,673</u>	<u>11,084,559</u>

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 5,170,398	6,769,903
Grants Receivable:			
State and County Grants	C-4	650,668	731,872
Local Grants	C-5	5,504	9,104
Federal and State Grants	C-6	1,315,510	1,479,621
Interfunds Accounts Receivable	C-17		1,040,000
Deferred Charges to Future Taxation:			
Funded	C-7	30,566,000	33,100,000
Unfunded	C-8	9,752,803	5,329,803
		<u>\$ 47,460,883</u>	<u>48,460,303</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-9	\$ 21,281,000	23,400,000
Capital Leases Payable	C-10	9,285,000	9,700,000
Bond Anticipation Notes Payable	C-11	5,065,000	5,065,000
Special Reserves	C-12	64,922	64,922
Improvement Authorizations:			
Funded	C-13	2,168,442	2,162,014
Unfunded	C-13	4,047,357	3,000,789
Encumbrances Payable	C-14	1,938,716	2,982,298
Reserve for Unappropriated State Grant	C-15	15,464	15,464
Capital Improvement Fund	C-16	204,239	196,239
Interfunds Payable	C-17	1,922,199	416,789
Reserve for Grants Receivable	C-18	18,243	18,243
Fund Balance	C-1	<u>1,450,301</u>	<u>1,438,545</u>
		<u>\$ 47,460,883</u>	<u>48,460,303</u>

There were \$4,687,803 and \$264,803 of Bonds and Notes Authorized But Not Issued on December 31, 2017 and 2016 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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Balance - December 31,	\$ 1,438,545	1,383,235
Increased by:		
Premium on Sale of Notes	3,698	
Bond Sale Closing Proceeds	<u>8,058</u>	<u>55,310</u>
	<u>11,756</u>	<u>55,310</u>
Balance - December 31,	<u>\$ 1,450,301</u>	<u>1,438,545</u>

See accompanying notes to the financial statements.

**Exhibit D**

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

**Comparative Balance Sheet - Regulatory Basis**

**Water Utility Fund**

**December 31, 2017 and 2016**

<u>Assets</u>	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 6,303,987	5,945,057
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	596,545	683,904
Inventory - Materials and Supplies	D-9	95,864	222,281
		692,409	906,185
Interfund Accounts Receivable	D-7	442,913	439,383
Total Water Utility Operating Fund		7,439,309	7,290,625
Capital Fund:			
Cash - Treasurer	D-5,D-6	3,436,019	3,932,887
Fixed Capital	D-10	17,630,815	17,630,815
Fixed Capital Authorized and Uncompleted	D-11	6,378,900	4,578,900
Total Capital Fund		27,445,734	26,142,602
		\$ 34,885,043	33,433,227

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Water Utility Fund

December 31, 2017 and 2016

	<u>Ref.</u>	<u>2017</u>	<u>2016</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-12	\$ 570,145	543,532
Reserve for Encumbrances	D-4	454,254	445,384
Accounts Payable	D-13		61,089
Water Rent Overpayments	D-14	13,968	16,854
Accrued Interest on Bonds	D-15	46,012	35,871
		<u>1,084,379</u>	<u>1,102,730</u>
Reserve for Receivables	Contra	692,409	906,185
Fund Balance	D-1	<u>5,662,521</u>	<u>5,281,710</u>
Total Water Utility Operating Fund		<u>7,439,309</u>	<u>7,290,625</u>
Capital Fund:			
Encumbrance Payable	D-16	304,060	338,434
Interfund Accounts Payable	D-18	3,168,423	2,704,893
Serial Bonds Payable	D-22	5,869,000	6,265,000
Improvement Authorization:			
Funded	D-17	825,252	1,049,630
Unfunded	D-17	1,013,484	4,630
Capital Improvement Fund	D-19	24,730	21,230
Reserve for:			
Amortization	D-20	15,653,715	15,257,715
Deferred Amortization	D-21	408,028	322,028
Fund Balance	D-2	<u>179,042</u>	<u>179,042</u>
Total Capital Fund		<u>27,445,734</u>	<u>26,142,602</u>
		<u>\$ 34,885,043</u>	<u>33,433,227</u>

There were \$2,078,972 and \$364,972 of Bonds and Notes Authorized But Not Issued on December 31, 2017 and 2016 respectively (Exhibit D-23).

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

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

## Water Utility Operating Fund

For the Years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenue and Other Income:		
Fund Balance Utilized	\$ 575,600	575,600
Water Rents	6,360,523	6,421,435
Miscellaneous Revenue	63,588	56,581
Cancelled Accounts Payable	61,089	3,234
Cancelled Overpayments		18,076
Unexpended Balance of Appropriation Reserves	<u>557,711</u>	<u>186,688</u>
Total Revenue and Other Income	<u>7,618,511</u>	<u>7,261,614</u>
Expenditures:		
Operating	5,887,600	5,872,850
Capital Improvements	89,500	56,000
Debt Service	540,000	380,169
Deferred Charges and Statutory Expenditures	<u>145,000</u>	<u>145,000</u>
Total Expenditures	<u>6,662,100</u>	<u>6,454,019</u>
Statutory Excess to Surplus	956,411	807,595
Fund Balance, January 1	<u>5,281,710</u>	<u>5,049,715</u>
	6,238,121	5,857,310
Decreased by:		
Utilization by Water Operating Budget	<u>575,600</u>	<u>575,600</u>
Balance, December 31	<u>\$ 5,662,521</u>	<u>5,281,710</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>2017</u>	<u>2016</u>
Balance, December 31, 2016	\$ 179,042	\$ 134,894
Increased by:		
Adjustment to Reserve for Amortization	<u>                    </u>	<u>44,148</u>
Balance, December 31, 2017	\$ <u>179,042</u>	\$ <u>179,042</u>

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Statement of Revenues - Regulatory Basis

## Water Utility Operating Fund

Year ended December 31, 2017

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 575,600	575,600	
Rents	6,060,000	6,360,523	300,523
Miscellaneous	<u>26,500</u>	<u>63,588</u>	<u>37,088</u>
	<u>\$ 6,662,100</u>	<u>6,999,711</u>	<u>337,611</u>

Analysis of Realized Revenue

Rents	\$ 6,356,718
Overpayments Applied	3,805
Water Capital Surplus	<u>575,600</u>
	<u>6,936,123</u>
Interest on Investments	49,533
Due from Water Capital - Interest on Investments	3,530
Meter Installations	865
Other Miscellaneous	<u>9,660</u>
	<u>63,588</u>
	<u>\$ 6,999,711</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, 2017

	Appropriations			
	Budget	Budget after modifi- cation	Paid or charged	Reserved
Operating:				
Salaries and Wages	\$ 2,134,000	2,209,000	2,164,264	44,736
Other Expenses	3,303,600	3,273,600	2,815,655	457,945
Health Benefits	425,000	405,000	337,842	67,158
Total Operating	5,862,600	5,887,600	5,317,761	569,839
Capital Improvements:				
Capital Improvement Fund	89,500	89,500	89,500	
Total Capital Improvements	89,500	89,500	89,500	
Debt Service:				
Payment of Bond Principal	400,000	400,000	400,000	
Interest on Bonds	140,000	140,000	140,000	
Total Debt Service	540,000	540,000	540,000	
Deferred Charges and Statutory Expenditures:				
Deferred Charges -				
Salary and Wage Adjustment	25,000			
Statutory Expenditures - Contribution to:				
Social Security System (O.A.S.I.)	145,000	145,000	144,694	306
Total Deferred Charges and Statutory Expenditures	170,000	145,000	144,694	306
	\$ 6,662,100	6,662,100	6,091,955	570,145
			Cash Disbursed \$ 5,497,701	
			Reserve for Encumbrances 454,254	
			Accrued Interest on Bonds 140,000	
			\$ 6,091,955	

See accompanying notes to financial statements.

**Exhibit E****BOROUGH OF FAIR LAWN, N.J.****Comparative Statement of General Fixed Assets - Regulatory Basis****December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<u>General Fixed Assets:</u>		
Land	\$ 87,660,900	87,660,900
Buildings	18,314,600	18,314,600
Machinery and Equipment	<u>16,971,435</u>	<u>14,984,737</u>
	<u>\$ 122,946,935</u>	<u>120,960,237</u>
 Investment in Fixed Assets	 <u>\$ 122,946,935</u>	 <u>120,960,237</u>

See accompanying notes to financial statements.

**Exhibit F****BOROUGH OF FAIR LAWN, N.J.****Comparative Statement of Net Payroll and Withholdings Payable****December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash		
Net Payroll	\$ <u>12,306</u>	<u>11,581</u>
	\$ <u><u>12,306</u></u>	<u><u>11,581</u></u>
 <u>Liabilities:</u>		
Withholdings	\$ 1,388	1,268
Due to Current Fund	<u>10,918</u>	<u>10,313</u>
	\$ <u><u>12,306</u></u>	<u><u>11,581</u></u>

See accompanying notes to financial statements.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**

**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, 2017 and 2016**  
**(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, 2017 and 2016**  
**(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, 2017 and 2016**  
**(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, 2017 and 2016**  
**(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, 2017 and 2016, the Governing Body approved additional revenues and appropriations of \$62,132 and \$90,439, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the Governing Body in 2017 and 2016.

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, 2017 and 2016**  
**(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, 2017 and 2016**  
**(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, 2017 and 2016**  
**(continued)**

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

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

Recent Accounting Pronouncements

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 does not believe this Statement will have any effect 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 does not believe this Statement will have any effect 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 does not believe this Statement will have any effect on future financial statements.

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. The Borough does not believe this Statement will have any effect on future financial statements.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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 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 does not believe this Statement will have any effect 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 does not believe this Statement will have any effect 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 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 does not believe this Statement will have any effect 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.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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 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.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources for asset retirement obligations (AROs). The Borough does not believe this Statement will have any effect on future financial statements.

In January 2017, the Government Accounting Standards Board issued GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The Borough is currently evaluating the effects, if any, this Statement may have on future financial statements.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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 March 2017, the Government Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during the implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues relating to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, Certain Debt Extinguishment Issues, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

**C. Basic Financial Statements**

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

**NOTE 2. PENSION PLANS**

Description of Plans:

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



**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

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

*Public Employees' Retirement System (PERS)*

Plan Description

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

Benefits Provided

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

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

Service retirement benefits of 1/55<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 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

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

*Police and Firemens' Retirement System (PFRS)*

Plan Description

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

Benefits Provided

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

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

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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>
2017	\$1,373,558	\$1,788,059	\$9,172
2016	1,327,034	1,644,600	7,584
2015	1,228,661	1,516,355	10,537

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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. The following pension information is as of June 30, 2016 which is the latest information available. This information is eighteen months prior to December 31, 2017. GASB Statement No. 68 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the State of New Jersey Division of Local Government Services is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current pension information is available.

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

**Public Employees Retirement System (PERS)**

At December 31, 2017, 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, 2017, the Borough recognized pension expense of \$1,373,558. At December 31, 2017, 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, 2017 and 2016**  
**(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, 2017) 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:

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, 2017 and June 30, 2016 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	0.1543875564%	0.1543544154%

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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 2026	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, 2017 and 2016**  
**(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, 2017 and 2016**  
**(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, 2017 and 2016**  
**(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, 2017, 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, 2017, the Borough recognized pension expense of \$1,788,059. At December 31, 2017, 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:	
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, 2017 and 2016**  
**(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	0.2193020948%	0.2023249422%

**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, 2017 and 2016**  
**(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, 2017 and 2016**  
**(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, 2017 and 2016**  
**(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:

	June 30, 2016		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>4.55%</u>	<u>5.55%</u>	<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, 2017 and 2016 consisted of the following:

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

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

	Balance Dec. 31 2015	Additions	Reductions	Balance Dec. 31, 2016	Amounts Due Within One Year
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>	
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>

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

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued:</u>			
General Bonds, Notes and Loans	\$26,346,000	\$28,465,000	\$26,194,000
Water Utility - Bonds and Notes	<u>5,869,000</u>	<u>6,265,000</u>	<u>4,860,000</u>
	<u>32,215,000</u>	<u>34,730,000</u>	<u>31,054,000</u>
<u>Authorized But Not Issued:</u>			
General Bonds and Notes	4,687,803	264,803	1,213,803
Water Utility - Bonds and Notes	<u>2,078,971</u>	<u>364,972</u>	<u>934,972</u>
	<u>6,766,774</u>	<u>629,775</u>	<u>2,148,775</u>
Total Bonds, Notes and Loans Issued and Authorized Not issued	38,981,774	35,359,775	33,202,775
Less deductions	<u>7,983,903</u>	<u>6,665,904</u>	<u>7,603,863</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$30,997,871</u>	<u>\$28,693,871</u>	<u>\$25,598,912</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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 .649% for 2017.

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

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

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>28,729,803</u>	<u>35,932</u>	<u>28,693,871</u>
	<u>\$60,961,775</u>	<u>\$32,267,904</u>	<u>\$28,693,871</u>

Net debt of \$28,693,871 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$4,598,429,724 equals .835% for 2016.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

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

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

	<u>2017</u>	<u>2016</u>
3 ½% of Equalized Valuation Basis (Municipal)	\$167,054,960	\$160,945,040
Net Debt	<u>30,997,871</u>	<u>38,393,871</u>
Remaining Borrowing Power	<u>\$136,057,089</u>	<u>\$122,551,169</u>

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

	<u>2017</u>	<u>2016</u>
Cash receipts from fees, rents or other charges for year	<u>\$6,999,711</u>	<u>\$7,053,616</u>
Deductions:		
Operating and Maintenance Cost	6,032,600	6,017,850
Debt Service per Water Account	<u>540,000</u>	<u>380,169</u>
Total Deductions	<u>6,572,600</u>	<u>6,398,019</u>
Excess in Revenue - "Self Liquidating"	<u>\$427,111</u>	<u>\$655,597</u>

The Borough's long-term debt consisted of the following at December 31, 2017 and 2016:

Paid by Current Fund:

<u>General Obligation Bonds</u>	<u>2017</u>	<u>2016</u>
\$13,415,000, 2001 Bonds due in annual installments of \$550,000 to \$1,250,000 through December 2026, interest at 3.00% to 4.00%	\$2,760,000	\$9,580,000
\$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%	12,720,000	13,820,000
\$5,801,000, 2017 Refunding Bonds due in annual installments of \$938,000 to \$995,000 through December 2026, interest at 3.00% to 4.00%	<u>5,801,000</u>	<u>                    </u>
Total General Serial Bonds	<u>21,281,000</u>	<u>23,400,000</u>



**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

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

Paid by Water Utility Fund:

<u>Water Utility Serial Bonds</u>	<u>2017</u>	<u>2016</u>
\$2,245,000, 2010 Bonds due in annual installments of \$105,000 to \$200,000 through December 2022, interest at 3.000% to 3.500%	600,000	1,200,000
\$5,065,000, 2016 Bonds due in annual installments of \$200,000 to \$350,000 through September 2033, interest at 1.000% to 2.375%	4,865,000	5,065,000
\$404,000, 2017 Refunding Bonds due in installments of \$202,000 through December 2022, interest at 3.00%	<u>404,000</u>	<u>          </u>
Total Water Utility Bonds	<u>5,869,000</u>	<u>6,265,000</u>
Total Serial Bonds	<u>\$27,150,000</u>	<u>\$29,665,000</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>
2018	\$3,121,156	\$2,030,000	\$544,736	\$415,000	\$131,420
2019	2,961,206	1,920,000	495,086	425,000	121,120
2020	2,983,106	1,985,000	447,486	440,000	110,620
2021	2,887,389	1,938,000	396,099	457,000	96,290
2022	2,533,089	1,648,000	347,959	452,000	85,130
2023-2027	10,858,094	7,915,000	1,037,194	1,580,000	325,900
2028-2032	5,909,806	3,845,000	159,056	1,750,000	155,750
2033	<u>358,313</u>	<u>          </u>	<u>          </u>	<u>350,000</u>	<u>8,313</u>
	<u>\$31,612,159</u>	<u>\$21,281,000</u>	<u>\$3,427,616</u>	<u>\$5,869,000</u>	<u>\$1,034,543</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, 2017 the Borough had authorized but not issued debt as follows:

General Capital Fund	\$4,687,803
Water Utility Capital Fund	2,078,972

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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, 2017:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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	782,275	470,000	312,275
2023-2027	3,909,700	2,530,000	1,379,700
2028-2032	3,903,250	3,065,000	838,250
2033-2034	<u>1,565,000</u>	<u>1,455,000</u>	<u>110,000</u>
	<u>\$13,285,525</u>	<u>\$9,285,000</u>	<u>\$4,000,525</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, 2017 and 2016, the Borough had \$5,065,000 and \$5,065,000, respectively, in outstanding General Capital bond anticipation notes. The Borough also had \$-0- and \$-0-, respectively, in outstanding Water Utility bond anticipation notes as of December 31, 2017 and 2016.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(continued)**

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

The following activity related to bond anticipation notes occurred during the calendar years ended December 31, 2017 and 2016.

<u>2017</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>5,065,000</u>		<u>5,065,000</u>
	<u>\$5,065,000</u>	<u>\$5,065,000</u>	<u>\$5,065,000</u>	<u>\$5,065,000</u>
<u>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>

**NOTE 6. FUND BALANCE APPROPRIATED**

The fund balances at December 31, 2017 which have been appropriated as revenue in the 2018 budgets are as follows:

Current Fund	\$4,000,000
Water Utility Operating Fund	1,101,583

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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, 2017 and 2016 would approximate \$1,998,508 and \$2,269,507, 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-16. The reserve balance as of December 31, 2017 and 2016 was the sum of \$2,215,076 and \$2,114,076, respectively.

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

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2017 and 2016, \$110,383 and \$109,484 of the Borough's bank balance of \$66,315,389 and \$59,656,245, 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, 2017 and 2016**  
**(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, 2017 and 2016 amounted to \$1,452,407 and \$1,232,730, respectively.

The following investments represent 5% or more of the total invested with VALIC on December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Fixed Account Plus	\$127,694	\$100,561
Health Sciences Fund	91,946	75,343
Mid Cap Value Fund	90,481	82,579
Money Market I Fund	155,601	174,204
Vanguard Lifestrategy - Growth	221,148	180,177
All Others	<u>765,537</u>	<u>619,866</u>
Total	<u>\$1,452,407</u>	<u>\$1,232,730</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, 2017 and 2016**  
**(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, 2017 and 2016:

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

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
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>

**NOTE 11. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at December 31, 2017 consist of the following:

\$7,344	Due from the Federal and State Grant Fund from the Current Grant Fund for reimbursement for expenditures paid.
51,479	Due to the Current Fund from the Animal Control Trust Fund for interest earned on investments and statutory excess.
3,843	Due to the Current Fund from the Other Trust Fund for interest earned on investments.
2,062	Due to the Current Fund from the Human Services Trust Fund for interest earned on investments.
935	Due to the Current Fund from the Unemployment Trust Fund for interest earned on investments.
1,917,509	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, 2017 and 2016**  
**(continued)**

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

2,036	Due to the Liability-Self Insurance Fund from the Current Fund for reimbursement for expenditures paid.
485	Due to the Current Fund from the Cafeteria Plan Trust Fund for interest earned on investments.
2,750,000	Due to the Current Fund from the Water Utility Capital Fund for reimbursement of expenditures paid.
484,068	Due to the Current Fund from the Workers Compensation Fund for reimbursement for expenditures and interest earned on investments.
10,918	Due to the Current Fund from the Payroll Fund for interest earned on investments and excess funds in the account.
33	Due to the Current Fund from the Veterans Affair Trust for interest earned on investments.
8,868	Due to the Current Fund from the Health Services Trust Fund for interest earned on investments.
103	Due to the Current Fund from the Developers Trust Fund for interest earned on investments.
418,423	Due to the Water Utility Operating Fund from the Water Utility Capital Fund for reimbursement of expenditures and interest earned on investments.
<u>4,690</u>	Due to the Water Utility Operating Fund from the General Capital Fund for reimbursement of expenditures.
<u>\$5,682,596</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 2017 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, 2017 and 2016**  
**(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, 2017.



**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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:

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

	Workers' Compensation <u>Trust Fund</u>	Self-Insurance <u>Trust Fund</u>	Health Benefits Plan <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>

**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, 2017 and 2016**  
**(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, 2017 was \$1,757,659, 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, 2017</u>	<u>Balance</u> <u>Dec 31, 2016</u>
Prepaid Taxes	<u>\$8,865,667</u>	<u>\$802,632</u>
Cash Liability for Taxes Collected in Advance	<u>\$8,865,667</u>	<u>\$802,632</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2017 and 2016**  
**(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, 2017 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 February 12, 2018, 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	Deputy Mayor	
Kurt Peluso	Deputy Mayor	
Marc Zharnest	Councilmember	
Lisa Swain	Councilmember	
James Van Kruiningen	Borough Manager	(A)
Karen Palermo	Finance Officer	(A)
Marilyn B. Bojanowski	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 issued under the terms of an agreement with the Municipal Excess Joint Insurance Fund in the amount of \$1,000,000 with a \$2,500 deductible. Coverage also includes \$50,000 for theft, disappearance, etc. of money with a \$2,500 deductible.

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

## **Supplementary data**

### Comparative Schedule of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax rate	<u>3.226</u>	<u>3.137</u>	<u>3.078</u>
Apportionment of tax rate:			
Municipal	0.901	0.898	0.897
School	2.040	1.966	1.920
County	<u>0.285</u>	<u>0.273</u>	<u>0.261</u>

### Assessed Value

2017	\$ 4,195,031,585
2016	4,183,946,407
2015	4,166,964,826

### 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
2017	\$ 135,926,990	135,116,883	99.40%
2016	131,918,891	130,967,803	99.28%
2015	129,126,782	128,125,738	99.22%

### 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>
2017	\$ 790,600	22,268	812,868	0.60%
2016	909,175	22,872	932,047	0.71%
2015	957,909	23,245	981,154	0.76%

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

**Supplementary data**

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2017 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>
2017	\$ 73,260
2016	73,260
2015	73,260

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2017	\$ 15,503,666	4,000,000
	2016	13,354,795	3,650,000
	2015	11,514,407	3,650,000
	2014	8,535,076	3,500,000
	2013	7,442,935	3,000,000
Water Utility Operating Fund	2017	5,662,521	1,101,583
	2016	5,281,710	575,600
	2015	5,049,715	575,600
	2014	3,502,825	375,600
	2013	2,909,262	375,600

## BOROUGH OF FAIR LAWN

## Schedule of Expenditures of Federal Awards

Year ended December 31, 2017

Program	CFDA number	FAIN number	Grant or State Project Number	Grant period	Award Amount	Cash Received	Expenditures	Adjustment	MEMO	
									Cumulative	Total
Federal and State Grant Fund: Department of Environmental Protection Municipal Stormwater Regulation Program State Forestry Grant	66.605			2005	15,464			(15,464)	*	
	10.664			2010	3,000				*	
								(15,464)	*	
Department of Justice Cops in Shops Cops in Shops Cops in Shops Cops in Shops	16.727			2011	4,500				*	3,086
	16.727			2012	6,173				*	1,673
	16.727			2013	5,062				*	
	16.727			2013	6,180				*	
Bullet Proof Vest Grant Bullet Proof Vest Grant Enforcing Underage Drinking Law Program	16.607			2010	4,200		4,200		*	4,200
	16.607			2010	16,705		16,705		*	16,705
	16.727			2014	3,439				*	1,773
							20,905		*	27,437
U.S. Department of Law & Public Safety Public Assistance Grants Hazard Mitigation Grant Program Emergency Management Program Emergency Management Program	97.036	4086DRNJP0000001	01CPX1600179798	2013	142,080				*	
	97.042	EMN2016EP00002	01CPX1603800855	2015	7,000				*	7,000
	97.042	EMN2016EP00002	01CPX1603800855	2016	5,000				*	
									*	7,000
Subtotal Federal and State Grant Fund							20,905	(15,464)	*	34,437
									*	



## BOROUGH OF FAIR LAWN

## Schedule of Expenditures of Federal Awards

Year ended December 31, 2017

Program	CFDA number	FAIN number	Grant or State Project Number	Grant period	Award Amount	Cash Received	Expenditures	Adjustment	MEMO Cumulative Total Expenditures
<u>General Capital Fund:</u>									
<u>Department of Housing and Urban Development</u>									
Community Development Block Grant									
Pass through County of Bergen:									
Improvement to Chandler Drive	14.218		Ordinance #2288	2013	162,000				114,897
2014 Road Resurfacing	14.218		Ordinance #2303	2014	104,000				104,000
Senior Center Grease Trap	14.218		Ordinance #2302	2014	20,000	17,021			17,021
Handicapped Ramps	14.218		Ordinance #2346	2015	22,530		140		22,530
2015 Road Resurfacing	14.218		Ordinance #2347	2015	162,530		4,456		97,925
Senior Center Hand Railings	14.218		Ordinance #2348	2015	17,530		2,954		2,954
2016 Road Resurfacing	14.218		Ordinance #2379	2016	183,900		157,736		175,101
Senior Center Room Divider	14.218		Ordinance #2380	2016	21,400				
Road Resurfacing	14.218		Ordinance #2434	2017	159,395				
						17,021	165,286		534,428
<u>U.S. Dept. of Transportation</u>									
National Highway Safety Pass through State of NJ									
Improvements to BWay Phase I	20.205		Ord. 2233		150,000				
Improvements to BWay Phase II	20.205		Ord. 2247		146,500				
Fair Lawn Ave Safety Corridor	20.205		Ord. 2320		511,850	75,663	243,686		321,204
Improvement to Plaza Road	20.205		Ord. 2349		149,000		121,827		149,000
Improvements to 20th Street	20.205		Ord. 2390		155,500		117,318		117,318
			480-078-6320-AMF-6010						
						75,663	482,831		587,522
<u>U.S. Dept. of Homeland Security</u>									
Law and Public Safety Pass through State of NJ									
Hazard Mitigation Grant	97.039		HMPG-DR-4086-NJ-0136-R	Ord. 2355	250,000	230,822	30,764		201,481
						323,506	678,881		1,323,431
<u>Subtotal General Capital Fund:</u>									
						\$ 323,506	699,786	(15,464)	1,357,868
<u>Total Federal Awards</u>									

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, 2017

	Grant number	Grant period	Award Amount	Cash Received	Budgetary Expenditures	MEMO	
						Cumulative Total	Expenditures
Federal and State Grant Fund: <u>Department of Environmental Protection</u> Clean Communities Program Clean Communities Program Clean Communities Program Clean Communities Program Clean Communities Program	4900-765-042-4900-004	2013	44,865			*	44,670
	4900-765-042-4900-004	2014	49,394			*	48,948
	4900-765-042-4900-004	2015	60,032		11,817	*	58,629
	4900-765-042-4900-004	2016	68,638		40,835	*	51,676
	4900-765-042-4900-004	2017	58,312	58,312	1,937	*	12,778
						*	
Environmental Grant		2013	1,675		500	*	1,025
						*	
Granular Activated Carbon Demo Project	527-042-4840-030-3620	2007	1,200,000			*	1,094,009
						*	
Alcohol Education and Rehabilitation	4250-700-05000-063	PY	970			*	16
Alcohol Education and Rehabilitation	4250-700-05000-063	2006	2,576			*	884
Alcohol Education and Rehabilitation	4250-700-05000-063	2009	1,253			*	
Alcohol Education and Rehabilitation	4250-700-05000-063	2010	804			*	
Alcohol Education and Rehabilitation	4250-700-05000-063	2011	162			*	
Alcohol Education and Rehabilitation	4250-700-05000-063	2013	950			*	
Alcohol Education and Rehabilitation	4250-700-05000-063	2014	650			*	
						*	
				58,312		*	
					55,089	*	1,312,635
						*	
<u>Department of Law &amp; Public Safety</u> 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, 2017

	<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>
Body Armor Grant	1020-718-066-1020-001	2005	73,930			* 73,930
Body Armor Grant	1020-718-066-1020-001	2007	22,809		14,243	* 22,809
Body Armor Grant	1020-718-066-1020-001	2008	6,198		6,198	* 6,198
Body Armor Grant	1020-718-066-1020-001	2009	5,196		4,853	* 5,196
Body Armor Grant	1020-718-066-1020-001	2012	5,101			* *
Body Armor Grant	1020-718-066-1020-001	2014	5,223			* *
Body Armor Grant	1020-718-066-1020-001	2016	5,151			* *
Body Armor Grant	1020-718-066-1020-001	2017	5,300			* *
Body Armor Grant	1020-718-066-1020-001	2018	5,240	5,240		* *
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 Smart Future Growth Grant		2009	7,000	5,240	25,294	* 114,420
Total Federal and State Grant Fund				63,552	80,383	* 1,427,055

## BOROUGH OF FAIR LAWN

## Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2017

	<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>
<u>Current Fund:</u>						
Recycling Tonnage Grant	4900-100-042-4910-224	2009	91,496		42,102	* 91,496
Recycling Tonnage Grant	4900-100-042-4910-224	2010	77,558		67,530	* 77,558
Recycling Tonnage Grant	4900-100-042-4910-224	2011	74,595		74,595	* 74,595
Recycling Tonnage Grant	4900-100-042-4910-224	2012	44,865		15,773	* 15,773
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			* *
Recycling Tonnage Grant	4900-100-042-4910-224	2015	51,505	51,505		* *
Recycling Tonnage Grant	4900-100-042-4910-224	2016	109,000			* *
Total Current Fund				51,505	200,000	* 259,422
<u>General Capital Fund</u>						
Green Acres - 2nd Street Property		Ord. 2254	146,000	81,204		* (146,000)
Total General Capital Fund				81,204		* (146,000)
Total State Awards				196,261	280,383	* 1,540,477
<u>Federal and State Grant Fund</u>						
NJACCHO		2015	3,200		2,121	* 3,200
NJACCHO		2016	4,650		2,533	* 4,650
NJACCHO		2017	2,320	2,320	1,845	* 1,845
				2,320	6,499	* 9,695

## BOROUGH OF FAIR LAWN

## Schedule of Expenditures of State and Local Financial Assistance

Year ended December 31, 2017

	<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>
<u>County of Bergen</u>						
Police Grant		2010	2,250			*
Municipal Alliance on Alcoholism and Drug Abuse	2000-100-082-C001-044	2015	15,279		320	*
Municipal Alliance on Alcoholism and Drug Abuse	2000-100-082-C001-044	2016	15,279	9,104	9,364	*
Municipal Alliance on Alcoholism and Drug Abuse	2000-100-082-C001-044	2017	15,279			*
				9,104	9,684	*
				11,424	16,183	*
Total Federal and State Grant Fund						24,569
						34,264
<u>General Capital Fund:</u>						
<u>Bergen County Open Space</u>						
Improvements to Parks - Vogel/George Street	Ord. 2259		50,000			*
Columbia Heights - Passive Park	Ord. 2326		20,000			*
Naugle/Vanderbeck House Renovations	Ord. 2375		115,000			*
Memorial Park and Pool Improvements	Ord. 2384		50,000			*
Construction of a Miniature Golf Course	Ord. 2391		37,542			*
Naugle/Vanderbeck House Renovations	Ord. 2402		131,226			*
Total Bergen County Open Space						79,514
<u>Bergen County Dept. of Public Works</u>						
County-wide ADA Ramps/Curbs/Sidewalks Ord. #2293	2014		200,000			*
						*
Total General Capital Fund						79,514
Total Local Financial Assistance				11,424	16,183	*
						113,778
Total State and Local Financial Assistance				\$ 207,685	296,566	*
						1,654,255

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, 2017

	Current Fund	Federal and State Grant Fund
Balance - December 31, 2016	\$ 32,223,960	345,939
Increased by Receipts:		
Taxes Receivable	134,839,903	
Miscellaneous Revenue Not Anticipated	876,772	
Petty Cash	500	
Veteran Deductions	248,700	
Construction Code Training Fees	40,623	
Revenue Accounts Receivable	8,088,137	
Interfunds	338,235	25,600
Tax Overpayments	153,362	
Prepaid Taxes	8,865,667	
Reserve for Library Expenditures	54,381	
Tax Title Liens	1,586	
Grants Receivable		69,736
Unappropriated Grants		5,240
Interest on Investments		279
Various Reserves	1,114,674	
	<u>154,622,540</u>	<u>100,855</u>
	186,846,500	446,794
Decreased by Disbursements:		
Current Year Budget Appropriations	40,149,615	
Petty Cash	500	
Tax Overpayments	156,957	
Interfunds	3,709,761	109,000
Construction Code Training Fees	37,435	
Appropriation Reserves	2,264,434	
Local District School Taxes	85,574,739	
County Taxes Payable	11,980,676	
Special District Taxes	273,130	
Reserve for Library Expenditures	15,098	
Various Reserves	699,757	
Refunds	84,185	
Appropriated Grant Reserves		65,218
Grant Encumbrances		70,742
	<u>144,946,287</u>	<u>244,960</u>
Balance - December 31, 2017	\$ <u>41,900,213</u>	<u>201,835</u>

**Exhibit A-5**

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

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2017**

Balance - December 31, 2016 \$ 630

Balance - December 31, 2017 \$ 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, 2017**

Increased by:  
Disbursed \$ 500

Decreased by:  
Returned to Treasurer \$ 500

## BOROUGH OF FAIR LAWN, N.J.

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

## Current Fund

Year Ended December 31, 2017

Year	Balance, Dec. 31, 2016	Levy	Added Taxes	2016	Collected 2017	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2017
2015	250				250				32
2016	908,925				909,700	(7,500)		6,693	32
	909,175				909,950	(7,500)		6,693	32
2017		135,601,055	325,935	802,632	134,063,585	250,666	971	18,568	790,568
	909,175	135,601,055	325,935	802,632	134,973,535	243,166	971	25,261	790,600

Tax Overpayments Applied \$ 133,632  
Cash 134,839,903

\$ 134,973,535

## Analysis of Tax Levy

Tax yield:  
General Purpose Tax \$ 135,331,718  
Special District Taxes 269,337  
Added Tax (R.S. 54:4-63.1 et seq.) 325,935

\$ 135,926,990

Tax Levy:  
Local District School Tax \$ 85,574,739  
Local Open Space Taxes 209,752  
Special District Tax 269,337  
County Tax \$ 11,946,385  
County Added and Omitted Taxes 28,783

11,975,168

Local Tax for Municipal Purposes \$ 37,564,631  
Additional Taxes 333,363

37,897,994

\$ 135,926,990



**Exhibit A-8****BOROUGH OF FAIR LAWN, N.J.****Schedule of Tax Title Liens****Current Fund****Year Ended December 31, 2017**

Balance - December 31, 2016	\$	22,872
Increased by:		
Interest/Penalties/Recording Fees	\$	11
Transfers from Taxes Receivable		<u>971</u>
		<u>982</u>
		23,854
Decreased by:		
Redemption		<u>1,586</u>
	\$	<u><u>22,268</u></u>
Balance - December 31, 2017		

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

	\$	<u>629</u>
Balance - December 31, 2016		
	\$	<u><u>629</u></u>
Balance - December 31, 2017		

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, 2017**

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

Balance - December 31, 2017	\$ <u><u>73,260</u></u>
-----------------------------	-------------------------

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Revenue Accounts Receivable

## Current Fund

Year Ended December 31, 2017

	Balance Dec. 31, 2016	Accrued	Collected	Balance Dec. 31, 2017
Clerk:				
Licenses:				
Alcoholic beverages	\$	42,990	42,990	
Other		20,706	20,706	
Fees and Permits		508,032	508,032	
Municipal Court :				
Fines and Costs	51,769	607,092	617,159	41,702
Interest and Costs on Taxes		167,398	167,398	
Interest on Investments and Deposits		179,247	179,247	
Tax and Assessment Searches		100	100	
Memorial Pool		403,378	403,378	
Sewer User Charges		105,267	105,267	
Cable Television Franchise Fees		454,662	454,662	
Uniform Fire Safety Act - Local		229,806	229,806	
Hotel Tax		145,027	145,027	
Ambulance Fees		553,822	553,822	
Consolidated Municipal Property Tax Relief Aid		26,389	26,389	
Energy Receipts Tax (P.L. 1998 Chpters 162 & 167)		3,718,144	3,718,144	
Uniform Construction Code Fees		916,010	916,010	
	<u>\$ 51,769</u>	<u>8,078,070</u>	<u>8,088,137</u>	<u>41,702</u>
		Cash	<u>8,088,137</u>	
		\$	<u>8,088,137</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## Current Fund

Year Ended December 31, 2017

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>
Federal and State Grant Fund	\$ (7,623)	119,279	119,000	(7,344)
Animal Control Trust Fund	20,674	30,805		51,479
Other Trust Fund	2,300	1,543		3,843
Human Services	1,953	109		2,062
Unemployment Trust Fund	555	380		935
General Capital Fund	412,099	1,736,233	230,823	1,917,509
Water Utility Operating Fund	(19,800)			(19,800)
Liability - Self Insurance Fund	(468,938)	470,974		2,036
Water Utility Capital Fund	1,250,000	1,500,000		2,750,000
Workers Compensation	482,163	1,905		484,068
Cafeteria Plan Trust Fund	465	20		485
Payroll Fund	10,313	605		10,918
Veterans Affair Trust	14	19		33
Health Benefits Trust	4,563	4,305		8,868
Developers Trust		103		103
	<u>\$ 1,688,738</u>	<u>3,866,280</u>	<u>349,823</u>	<u>5,205,195</u>
Due to Current Fund	2,185,098	3,278,063	230,823	5,232,338
Due from Current Fund	<u>(496,360)</u>	<u>588,217</u>	<u>119,000</u>	<u>(27,143)</u>
	<u>\$ 1,688,738</u>	<u>3,866,280</u>	<u>349,823</u>	<u>5,205,195</u>
Cash Receipts \$			338,235	
Reimbursement for Expenses Paid			11,588	
Cash Disbursements		3,709,761		
Statutory Excess		30,702		
Various Reserves		109,000		
Interest on Investments		16,817		
		<u>\$ 3,866,280</u>	<u>349,823</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 3,376	3,376	2,485	891
Mayor and Council	10	10		10
Municipal Clerk	2,006	2,006		2,006
Financial Administration	16,737	6,737	2,939	3,798
Cultural Center	26	26		26
Collection of Taxes	20,356	10,356		10,356
Assessment of Taxes	607	607		607
Engineering Services and Costs	17,536	17,536		17,536
Municipal Land Use (N.J.S.A 40:55D-1)				
Planning Board	3,041	3,041		3,041
Zoning Board of Adjustment	1,700	1,700		1,700
Emergency Management Services	3,822	3,822		3,822
Fire	2,122	2,122	306	1,816
Police	175,395	40,395	27,822	12,573
Police Dispatch	46,762	21,762	3,292	18,470
Uniform Fire Safety	13,995	13,995	6,868	7,127
Municipal Court	5,813	5,813		5,813
Municipal Prosecutor	650	650		650
Road Repairs and Maintenance	33,702	13,702	10,535	3,167
Shade Tree	53,083	18,083	1,467	16,616
Electrical Services	3,552	3,552	315	3,237
Public Buildings and Grounds	10,213	5,213	1,581	3,632
Maintenance of Garage	21,460	11,460	3,317	8,143
Administration of Public Works	4	4		4
Sanitation				
Sewer System	60,679	10,679	2,789	7,890
Recycling Program	16,520	16,520	923	15,597
Health Department	25,210	10,210	1,463	8,747
Administration of Social Services	8,031	8,031	1,756	6,275
Recreation	33,921	217,521	212,063	5,458
Parks and Playgrounds	37,606	7,606	2,262	5,344
Salary Wage Adjustment	1,400	1,400		1,400

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2017

Uniform Construction Code:				
Construction Code Official	34,445	14,445	6,840	7,605
Unclassified:				
Terminal Leave	38,688	101,088	101,000	88
Public Defender	1,250	1,250		1,250
Total Salaries and Wages Within "CAPS"	693,718	574,718	390,023	184,695
Other Expenses Within "CAPS":				
Administrative and Executive	16,672	23,701	6,794	16,907
Mayor and Council	517	90,085	87,174	2,911
Municipal Clerk	11,131	5,376	904	4,472
Financial Administration	2,805	64,890	62,086	2,804
Cultural Center	79	829	765	64
Assessment of Taxes	5,048	43,848	38,800	5,048
Collection of Taxes	534	6,124	5,590	534
Legal Services and Costs	49,316	20,241	5,958	14,283
Labor Attorney	25,000	20,760	5,659	15,101
Engineering Services and Costs	2,471	7,891	5,402	2,489
Municipal Land Use Law (N.J.S.A 40:55D-1)				
Planning Board	20,029	6,334	299	6,035
Zoning Board of Adjustment	18,016	3,723	157	3,566
Self Insurance Program:				
Liability Insurance (N.J.S.A. 40:10-12)	34,152	402,152	383,771	18,381
Workers Compensation (N.J.S.A. 40:10-12)	318,454	703,454	702,609	845
Group Insurance Plan for Employee's:				
Group Insurance/Self Insurance		69,135		69,135
Health Insurance - Not Self Funded	1,536,419	1,423,047	559	1,422,488
Other Insurance Premiums	43,064	43,663		43,663
Police	3,766	109,066	105,922	3,144
Emergency Management Services	20,579	40,451	15,027	25,424
Fire	892	47,657	33,442	14,215
Ambulance	27,162	25,407	4,977	20,430
Uniform Fire Safety Act	8,942	9,912	970	8,942
Municipal Court	2,831	16,208	12,479	3,729
Road Repairs and Maintenance	30,876	229,951	226,800	3,151
Shade Tree	1,309	19,254	16,860	2,394
Electrical Services	3,160	5,009	407	4,602
Public Buildings and Grounds	8,573	10,375	1,536	8,839

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2017

Maintenance Garage	16,491	33,163	25,517	7,646
Community Services Act	13,250	25,000	9,349	15,651
Administration of Public Works	3,355	8,605	5,600	3,005
Sanitation:				
Sewer System	43	23,511	17,789	5,722
Recycling Program	24,376	30,881	6,750	24,131
Health Department	9,561	13,392	3,339	10,053
Administration of Social Services	908	966		966
Animal Control	16,580	14,140	7,080	7,060
Recreation and Parks	21,599	14,965	2,972	11,993
Recreation - Special Clubs	3,749	4,000	247	3,753
Parks and Playgrounds	2,162	6,118	3,020	3,098
Celebration of Public Events	87	2,855	1,223	1,632
Veteran's Service Bureau	4,302	4,302		4,302
Postage-Other Expenses	8,571	8,571		8,571
Purchase of Vehicle & Equipment		30,000	29,826	174
Electricity	47,618	76,002	74,650	1,352
Heating Oil	10,913	11,548	635	10,913
Gas	62,017	25,956	15,344	10,612
Gasoline	122,982	16,002	13,004	2,998
Diesel	65,027	10,566	5,200	5,366
Street Lighting	15,760	34,760	27,966	6,794
Telephone, Internet & Communication Lines	8,073	4,181	1,027	3,154
Surveillance Camera System	3,774	3,772		3,772
Cable/TV	1,840	1,949		1,949
Garbage and Trash- Contractual	13,000	3,000		3,000
Garbage and Trash-Other Expenses	84,390	83,390	76,513	6,877
Construction Code Official	3,680	4,632	1,092	3,540
Contingent	1,000	1,000		1,000
Total Other expenses Within "CAPS"	2,756,905	3,945,770	2,053,090	1,892,680
Deferred Charges and Statutory Expenditures				
Within "CAPS":				
Social Security System (O.A.S.I.)	138,654	6,154		6,154
Consolidated Police and Firemen's Pension	9,664	9,664		9,664
Defined Contribution Pension Plan	6,911	6,911	219	6,692

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2017

Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>155,229</u>	<u>22,729</u>	<u>219</u>	<u>22,510</u>
Other Expenses Excluded From "CAPS":				
Passaic Valley Sewer Commission Share of Costs	55,548	55,548		55,548
Maintenance of Free Public Library Salaries and Wages	42,940	42,940	7,049	35,891
Other Expenses	156,062	378,324	211,405	166,919
LOSAP	37	37		37
Recycling Tax Appropriation	<u>16,107</u>	<u>16,107</u>		<u>16,107</u>
Total Other Expenses Excluded from "CAPS"	<u>270,694</u>	<u>492,956</u>	<u>218,454</u>	<u>274,502</u>
Capital Improvement Fund Acquisition of Equipment	<u>993</u>	<u>73,466</u>	<u>72,620</u>	<u>846</u>
Total Capital Improvements Excluded from "CAPS"	<u>993</u>	<u>73,466</u>	<u>72,620</u>	<u>846</u>
Total Reserves	<u>\$ 3,877,539</u>	<u>5,109,639</u>	<u>2,734,406</u>	<u>2,375,233</u>
Appropriation Reserves \$	3,877,539			
Encumbrances	<u>1,232,100</u>			
	<u>\$ 5,109,639</u>			
Transfers to Various Reserves \$			311,000	
Accounts Payable			158,972	
Cash			<u>2,264,434</u>	
			<u>\$ 2,734,406</u>	



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

**Schedule of Encumbrances Payable**

**Current Fund**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ 1,232,100
Increased by:	
Transferred from Current Year Budget	<u>1,342,472</u>
	2,574,572
Decreased by:	
Transferred to Appropriation Reserves	<u>1,232,100</u>
Balance - December 31, 2017	\$ <u><u>1,342,472</u></u>

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

**Schedule of Accounts Payable**

**Current Fund**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ 2,088,619
Increased by:	
Transfer from Appropriation Reserves	<u>158,972</u>
	2,247,591
Decreased by:	
Canceled	<u>1,807,614</u>
Balance - December 31, 2017	\$ <u><u>439,977</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Other Expenditures

## Current Fund

Year Ended December 31, 2017

	Recycling	Police - Outside Service	Elevator Surcharge	Terminal Leave	Employment Contracts	Retiree's Insurance	Community Center	Open Space	Special Assessments	October Snow Storm	Snow	Total
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
Increased by:												
Cash Receipts	141,185	589,351				500	272,432			59,701		1,063,169
Grant Receipts	51,505										210,000	51,505
Transferred from Appropriation Reserves				101,000								311,000
Interfund	109,000											109,000
Current Year Tax Levy								209,752				209,752
	3,006,977	1,244,551	3,152	2,215,076	824,626	303,681	1,028,270	1,517,563	76,001	216,863	509,500	10,946,260
Decreased by:												
Cash Disbursements	200,000	422,605				189	71,872	5,091				699,757
	200,000	422,605				189	71,872	5,091				699,757
Balance - December 31, 2017	\$ 2,806,977	821,946	3,152	2,215,076	824,626	303,492	956,398	1,512,472	76,001	216,863	509,500	10,246,503

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Library Expenditures

## Current Fund

Year Ended December 31, 2017

Balance - December 31, 2016	\$	45,863
Increased by:		
State Library Aid	\$	14,071
Book Fines		<u>40,310</u>
		<u>54,381</u>
		100,244
Decreased by:		
Expenditures		<u>15,098</u>
Balance - December 31, 2017	\$	<u><u>85,146</u></u>

Analysis of Balance

Book Fines	\$	<u>85,146</u>
	\$	<u><u>85,146</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, 2017

Balance - December 31, 2016		\$	(171,868)
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	45,000	
Veterans' Deductions Per Tax Billing		206,250	
Senior Citizen's and Veteran's Allowed - 2017		<u>1,250</u>	
			<u>252,500</u>
			80,632
Decreased by:			
State Share of Senior Citizens and Veteran			
Deductions Received in Cash	\$	248,700	
Senior Citizen's and Veteran's Disallowed - 2016		7,500	
Senior Citizen's and Veteran's Disallowed - 2017		<u>1,834</u>	
			<u>258,034</u>
Balance - December 31, 2017		\$	<u>(177,402)</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, 2017**

Balance - December 31, 2016	\$	7,849
Increased by:		
Collections		<u>40,623</u>
		48,472
Decreased by:		
Payments		<u>37,435</u>
Balance - December 31, 2017	\$	<u><u>11,037</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Tax Overpayments

## Current Fund

Year Ended December 31, 2017

Balance - December 31, 2016		\$	46,176
Increased by:			
Collections	\$	153,362	
Fund Balance		<u>144,203</u>	
			<u>297,565</u>
			343,741
Decreased by:			
Applied		133,632	
Refunded		<u>156,957</u>	
			<u>290,589</u>
Balance - December 31, 2017		\$	<u><u>53,152</u></u>

**Exhibit A-21****BOROUGH OF FAIR LAWN, N.J.****Schedule of Local School District Tax Payable****Current Fund****Year Ended December 31, 2017**

Balance - December 31, 2016	\$	861,734
Increased by:		
2017 Levy		<u>85,574,739</u>
		86,436,473
Decreased by:		
Payments		<u>85,574,739</u>
Balance - December 31, 2017	\$	<u><u>861,734</u></u>

**Exhibit A-22****Schedule of County Taxes Payable****Current Fund****Year Ended December 31, 2017**

Balance - December 31, 2016	\$	34,291
Increased by:		
2017 Levy	\$	11,469,489
2017 Open Space		476,896
2017 Added Assessments		<u>28,783</u>
		<u>11,975,168</u>
		12,009,459
Decreased by:		
Payments		<u>11,980,676</u>
Balance - December 31, 2017	\$	<u><u>28,783</u></u>



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

**Schedule of Special Improvement District Taxes Payable**

**Current Fund**

**Year Ended December 31, 2017**

Balance - December 31, 2016 (Due To)	\$	2,930
Increased by:		
Tax Levy		<u>269,337</u>
		272,267
Decreased by:		
Payments		<u>273,130</u>
Balance - December 31, 2017 (Due From)	\$	<u><u>(863)</u></u>

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

**Schedule of Prepaid Taxes**

**Current Fund**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ 802,632
Increased by:	
Collections	<u>8,865,667</u>
	9,668,299
Decreased by:	
Applied to 2017 Taxes Receivable	<u>802,632</u>
Balance - December 31, 2017	<u><u>\$ 8,865,667</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## Federal and State Grant Fund

Year Ended December 31, 2017

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>
Current Fund	\$ 7,623	119,000	119,279	7,344
Other Trust Fund		15,600	15,600	
	<u>\$ 7,623</u>	<u>134,600</u>	<u>134,879</u>	<u>7,344</u>
	Cash Receipts \$		25,600	
	Cash Disbursement	109,000		
	POAA Grant	15,600		
	Grant Match	10,000		
	Appropriated Grant		109,000	
	Interest on Investments		279	
		<u>\$ 134,600</u>	<u>134,879</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	Balance, Dec. 31, 2016	2017 Budget Revenue Realized	Received	Canceled	Balance, Dec. 31, 2017
Body Armor	\$ 20,279	5,300	5,300		20,279
Fair Lawn Carbon Grant	124,727				124,727
POAA Funds		15,600	15,600		
Environmental Grant - 2013	2,000				2,000
Hazard Mitigation Grant - 2013	140,080				140,080
Recycling Tonnage		109,000	109,000		
Clean Communities Grant - 2017		68,312	58,312	10,000	
Municipal Alliance on Alcoholism and Drug Abuse	12,397		9,104		3,293
Federal OEM Grant	7,000	5,000	5,000		7,000
NJACCHO - Health Grant		1,500			1,500
Alcohol Rehabilitation Grant		650	650		
Municipal Alliance on Alcoholism and Drug Abuse		15,279			15,279
Enforcing Underage Drinking		1,666	1,666		
NJACCHO - Health Grant		2,320	2,320		
	<u>\$ 306,483</u>	<u>224,627</u>	<u>206,952</u>	<u>10,000</u>	<u>314,158</u>
Adopted Budget \$		172,495			
Added by N.J.S.A. 40A:4-87		62,132			
		<u>\$ 234,627</u>			
Unappropriated Reserve \$			121,616		
Cash			69,736		
Interfunds			15,600		
			<u>\$ 206,952</u>		

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Unappropriated Reserves for Grants

## Federal and State Grant Fund

## Year Ended December 31, 2017

<u>Grant</u>	Balance, Dec. 31, 2016	Transfer To 2017 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, 2017
Alcohol Education Rehabilitation	\$ 650	650		
Body Armor Grant	5,300	5,300	5,240	5,240
Enforcing Underage Drinking Law Program	1,666	1,666		
Federal OEM Grant	5,000	5,000		
Recycling Tonnage Grant	109,000	109,000		
	<u>\$ 121,616</u>	<u>121,616</u>	<u>5,240</u>	<u>5,240</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	Balance, Dec. 31, 2016	Transfer From 2017 Budget	<u>Canceled</u>	<u>Expended</u>	Balance, Dec. 31, 2017
Clean Communities Program Grant - 2009	\$				
Clean Communities Program Grant - 2013	195				195
Clean Communities Program Grant - 2014	36			(410)	446
Clean Communities Program Grant - 2015	3,788			2,385	1,403
Clean Communities Program Grant - 2016	45,580			28,618	16,962
Clean Communities Program Grant - 2017		68,312	10,000	1,937	56,375
Body Armor Replacement Program - 2009				(343)	343
Body Armor Replacement Program - 2012	7,465			(142)	7,607
Body Armor Replacement Program - 2015	5,223				5,223
Body Armor Replacement Program - 2016	5,151				5,151
Body Armor Replacement Program - 2017		5,300			5,300
Drunk Driving Enforcement Grant - 2011	25,636				25,636
Drunk Driving Enforcement Grant - 2012	4,081				4,081
Drunk Driving Enforcement Grant - 2015	1,773				1,773
Enforcing Underage Drinking		1,666			1,666
Alcohol Education and Rehabilitation	954				954
Alcohol Education and Rehabilitation - 2007	1,692				1,692
Alcohol Education and Rehabilitation - 2009	1,253				1,253
Alcohol Education and Rehabilitation - 2011	804				804
Alcohol Education and Rehabilitation - 2012	162				162
Alcohol Education and Rehabilitation - 2014	950				950
Alcohol Education and Rehabilitation - 2015		650			650
Fair Lawn Granular Activated Carbon Grant	105,991				105,991
Municipal Alliance		15,279			15,279
Municipal Alliance on Alcoholism and Drug Abuse	2,438			320	2,118
Municipal Alliance on Alcoholism and Drug Abuse	18,698			8,964	9,734
Municipal Alliance - Match		3,819			3,819
Smart Growth	7,000				7,000
Police County - 2012	2,250				2,250
Over the Limit Under Arrest - 2012	4,400				4,400
COPS in Shops - 2011	1,413				1,413
COPS in Shops - 2012	4,500				4,500
COPS in Shops - 2013	5,062				5,062
COPS in Shops - 2014	6,180				6,180

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2017

<u>Grant</u>	Balance, Dec. 31, 2016	Transfer From 2017 Budget	<u>Canceled</u>	<u>Expended</u>	Balance, Dec. 31, 2017
Forestry Grant	2,400				2,400
Flood Insurance	20,920				20,920
Environmental Grant - 2013	1,150			500	650
Hazard Mitigation Grant - 2013	142,080				142,080
Health NJACCHO - 2015	621			621	
Health NJACCHO - 2016	2,533			2,533	
Health NJACCHO - 2017		1,500		1,500	
Health NJACCHO - 2017		2,320		345	1,975
Matching Funds for Grants - 2013	4,946			2,789	2,157
Matching Funds for Grants - 2014	13,000				13,000
Matching Funds for Grants - 2015	6,181				6,181
Matching Funds for Grants - 2016	6,181				6,181
Matching Funds for Grants - 2017		6,181			6,181
Federal OEM Grant - 2017		5,000			5,000
Emergency Management Assistance Funding	5,000				5,000
Recycling Tonnage Grant		109,000		109,000	
POAA Grant		15,600		15,600	
	<u>\$ 467,687</u>	<u>234,627</u>	<u>10,000</u>	<u>174,218</u>	<u>518,097</u>
	Budget \$	172,495			
Appropriated by 40a:4-87		<u>62,132</u>			
		<u>\$ 234,627</u>			
			Cash Disbursed \$	65,218	
			Interfund	<u>109,000</u>	
				<u>\$ 174,218</u>	

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

**Schedule of Encumbrances Payable**

**Federal and State Grant Fund**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ <u>70,742</u>
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Decreased by:	
Cash Disbursements	\$ <u><u>70,742</u></u>



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Cash

## Trust Funds

Year Ended December 31, 2017

	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, 2016	\$ 91,157	1,793,105	300,446	7,384,885	47,986	113,755	23,605	1,232,730	14,945
Increase by Receipts:									
Prepaid Dog License Fees Collected	1,684								
Dog License Fees Collected	13,023								
Cat License Fees Collected	1,240								
Other Miscellaneous Fees	3,405								
State Fees	2,440	4,305							
Other Trust Receipts - Sundry Reserves and Deposits		1,403,770							
Escrow Deposits		404,204							
Other Trust Receipts - Donations and Deposits		76,877							
Donations					44,799			81,945	12,243
Contributions Deposited								184,624	
Interest Income/ Gain on Investment	103	1,755	380	8,246		935	20		19
Prior Year Interfund Returned				468,938					
Payroll Deductions			42,811	399,180			36,037		
Insurance Reimbursements			90,000	2,048,084					
Budget Appropriation									
	21,895	1,890,911	133,191	2,924,448	44,799	935	36,057	266,569	12,262
Total Receipts	113,052	3,684,016	433,637	10,309,333	92,785	114,690	59,662	1,499,299	27,207
Decreased by Disbursements:									
Animal License Expenditures	2,129								
State Fees	3,339	4,355	63,697						
Due to Grant Fund		15,600							
Other Trust Disbursements-Sundry Reserves and Deposits		1,875,481							
Escrow Disbursements		189,290							
Other Trust Disbursements-Donations and Deposits		26,105							
Insurance-Health Benefits				45,290					
Insurance-Liability Claims				656,089					
Insurance-Worker's Compensation Claims				593,503					
Disbursements						77	34,452	873	
Cafeteria Plan Disbursements								46,020	2,756
Plan Service Charges									
Distributions									
	5,468	2,110,831	63,697	1,294,882		77	34,452	46,893	2,756
Total Disbursements									
	107,584	1,573,185	369,940	9,014,451	92,785	114,613	25,210	1,452,406	24,451
Balance - December 31, 2017	\$								

**Exhibit B-2**

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

**Schedule of Prepaid Dog Licenses**

**Trust Funds**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ 6,786
Increased by:	
Collections	<u>1,684</u>
	8,470
Decreased by:	
Applied to 2017 Licenses	<u>6,786</u>
Balance - December 31, 2017	\$ <u><u>1,684</u></u>

**Exhibit B-3**

**Schedule of Animal Trap Deposits**

**Trust Funds**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ <u>7,840</u>
Balance - December 31, 2017	\$ <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, 2017

	Dog License Fees	Other Trust Marriage/ Civil Union Fees	Burial Permit Fees	Quarterly Unemployment Taxes Due
Balance - December 31, 2016	\$ 1,075	775	5	993
Increased by:				
Dog License Fees	2,440			
Prior Year Adjustment				
Marriage License Fees		4,300		
Burial Permit Fees			5	
Withholdings				62,704
	<u>2,440</u>	<u>4,300</u>	<u>5</u>	<u>62,704</u>
	3,515	5,075	10	63,697
Decreased by:				
Due to Current Fund				
Cash Disbursements	<u>3,339</u>	<u>4,350</u>	<u>5</u>	<u>63,697</u>
Balance - December 31, 2017	\$ <u>176</u>	<u>725</u>	<u>5</u>	<u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds Receivable/(Payable)

## Trust Funds

Year Ended December 31, 2017

	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Animal Control Trust:				
Current Fund	\$ (20,674)		30,805	(51,479)
Other Trust Fund:				
Current Fund (Other Trust)	(2,300)		1,543	(3,843)
Current Fund (Human Services)	(1,953)		109	(2,062)
Current Fund (Developers Trust)			103	(103)
Grant Fund		15,600	15,600	
	(4,253)	15,600	17,355	(6,008)
Unemployment Compensation Insurance Trust Fund:				
Current Fund	(555)		380	(935)
	(555)		380	(935)
Self-Insurance Trust Fund:				
Current Fund - Due from Worker's Compensation	(482,163)		1,905	(484,068)
Current Fund - Due from Health Benefits Fund	(4,563)		4,305	(8,868)
Current Fund - Due from Self-Insurance Liability	468,938		470,974	(2,036)
	(17,788)		477,184	(494,972)
Cafeteria Plan Trust Fund:				
Current Fund	(465)		20	(485)
Veterans Affairs Current Fund	(14)		19	(33)
	\$ (43,749)	15,600	525,763	(553,912)
	Cash Receipts \$		468,938	
	Cash Disbursements	15,600		
	Interest on Investments		10,523	
	POAA Grant		15,600	
	Statutory Excess		30,702	
	\$	15,600	525,763	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Sundry Reserve and Deposits

## Trust Funds

Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2017</u>
Parking Offenses Adjudication Act	\$ 34,624	3,316	15,600	22,340
Tax Title Lien Redemptions	1,024,449	1,400,454	1,861,668	563,235
Found Money	6,921		6,921	
Insurance Proceeds-				
Damage to Borough Cars	2,047		2,047	
State Nextel Purchase	4			4
Miscellaneous Reserves	<u>4,845</u>		<u>4,845</u>	
	<u>\$ 1,072,890</u>	<u>1,403,770</u>	<u>1,891,081</u>	<u>585,579</u>
Cash Receipts \$		1,403,770		
Cash Disbursements			1,875,481	
Interfund			<u>15,600</u>	
		<u>\$ 1,403,770</u>	<u>1,891,081</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Escrow Reserve and Deposits

## Trust Funds

Year Ended December 31, 2017

	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
Street Opening Deposits	\$ 25,200	2,500	5,000	22,700
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	21,251	685	21,936	
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	41,959	78,003	62,212	57,750
Planning Board Escrow	160,737	32,000	29,974	162,763
Council Escrow	14,720		7,145	7,575
Developer's Escrow		291,016	24,372	266,644
	<u>\$ 424,080</u>	<u>404,204</u>	<u>189,290</u>	<u>638,994</u>

Street Opening Deposits	22,700
Performance Bonds	99,130
Escrow Accounts	250,520
Developer's Escrow	266,644

\$ 638,994

**Exhibit B-8****BOROUGH OF FAIR LAWN, N.J.****Schedule of Donation Reserve and Deposits****Trust Funds****Year Ended December 31, 2017**

	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2017</u>
Human Services Donations	\$ 101,003	18,329	1,958	117,374
Tree Planting Donations	2,213	1,500	860	2,853
Economic Development Donations	2,142			2,142
Flower Pot Donations	5,976			5,976
Community Police Donations	16,142	19,839	12,843	23,138
Reserve Police Donations	2,093			2,093
Concert Donations	30,951	3,500	485	33,966
Fireworks Donations	102,808	25,928	2,300	126,436
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	1,925	4,581	4,286	2,220
Adopt a Bench Donations	3,520	2,800	1,861	4,459
Safety Program Donations	252			252
Police Explorers Donations	1,697		502	1,195
Collura Memorial Donations	2,890			2,890
Police Vests Donations	5,750			5,750
Fl Vol Coalition Donations	383			383
Certification Donations	4,324	400	1,010	3,714
Nauglehouse	500			500
	<u>\$ 291,102</u>	<u>76,877</u>	<u>26,105</u>	<u>341,874</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Animal Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2017

Balance - December 31, 2016		\$	54,782
Increased by:			
Dog License Fees:			
Collections	\$	13,023	
Prepays Applied		<u>6,786</u>	
	\$	19,809	
Cat License Fees		1,240	
Miscellaneous Revenue:			
Impound Fees		785	
Miscellaneous/Removal of Animal		95	
Dog License Late Fees		2,400	
Kennel License		<u>125</u>	
		<u>3,405</u>	
			<u>24,454</u>
			79,236
Decreased by:			
Expenditures Under R.S. 4:19-15.11		2,129	
Statutory Excess Due to Current Fund		<u>30,702</u>	
			<u>32,831</u>
Balance - December 31, 2017		\$	<u><u>46,405</u></u>

Animal License Fees Collected

<u>Year</u>		
2015	\$	24,953
2016		<u>21,452</u>
Maximum Reserve	\$	<u><u>46,405</u></u>



## BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for State Unemployment  
Insurance Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2017

Balance - December 31, 2016		\$	298,898
Increased by:			
Budget Appropriation	\$	90,000	
Payroll Deductions		<u>42,811</u>	
			<u>132,811</u>
			431,709
Decreased by:			
Due to State of New Jersey			<u>62,704</u>
Balance - December 31, 2017		\$	<u><u>369,005</u></u>

## BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Worker's  
Compensation Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2017

Balance - December 31, 2016		\$	874,995
Increased by:			
Budget Appropriations	\$	1,238,321	
Insurance Reimbursements		<u>82,701</u>	
			<u>1,321,022</u>
			2,196,017
Decreased by:			
Payment of Claims			<u>593,503</u>
Balance - December 31, 2017		\$	<u><u>1,602,514</u></u>

**BOROUGH OF FAIR LAWN, N.J.****Schedule of Reserve for Liability  
Insurance Trust Fund Expenditures****Trust Funds****Year Ended December 31, 2017**

Balance - December 31, 2016		\$ 2,170,239
Increased by:		
Budget Appropriations	\$ 809,763	
Insurance Reimbursements	<u>315,250</u>	
		<u>1,125,013</u>
		3,295,252
Decreased by:		
Payment of Claims		<u>656,089</u>
Balance - December 31, 2017		\$ <u><u>2,639,163</u></u>

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

**Schedule of Reserve for Health  
Benefits Plan Trust Fund Expenditures**

**Trust Funds**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ 4,321,863
Increased by:	
Cash Receipts	<u>1,229</u>
	4,323,092
Decreased by:	
Payment of Claims	<u>45,290</u>
Balance - December 31, 2017	\$ <u><u>4,277,802</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Council on Affordable Housing Expenditures

## Trust Funds

Year Ended December 31, 2017

	Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	Balance <u>Dec. 31, 2017</u>
Unallocated	\$ 25,486	100	25,586
River Road Development Fees	22,500	22,500	45,000
Dunkin Donuts		5,224	5,224
Senior Housing		99	99
Mergola		3,649	3,649
Saddle River Road		7,497	7,497
Sicilian Builders		5,730	5,730
	<u>\$ 47,986</u>	<u>44,799</u>	<u>92,785</u>

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

**Schedule of Reserves for Library Expenditures**

**Library Trust Fund**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$	21,284
Increased by:		
Interest		<u>935</u>
		22,219
Decreased by:		
Cash Disbursements		<u>77</u>
Balance - December 31, 2017	\$	<u><u>22,142</u></u>

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

**Schedule of Restricted Reserves for Library Expenditures**

**Library Trust Fund**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ <u>92,471</u>
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Balance - December 31, 2017	\$ <u><u>92,471</u></u>
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Analysis of Balance

Eva Kaplan Trust Fund	\$ 17,921
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Shirley T. Rosen Trust Fund	69,050
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Endowment Program - Pavers	<u>5,500</u>
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	\$ <u><u>92,471</u></u>
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**BOROUGH OF FAIR LAWN, N.J.**

**Schedule of Reserve for Cafeteria Plan Expenditures**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ 23,140
Increased by:	
Cash Receipts	<u>36,037</u>
	59,177
Decreased by:	
Cash Disbursements	<u>34,452</u>
Balance - December 31, 2017	\$ <u><u>24,725</u></u>



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

**Schedule of Service Award Contributions Receivable**

**Trust Funds**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ 81,945
Increased by:	
2017 Service Award Contributions	<u>79,048</u>
	160,993
Decreased by:	
Distributions	<u>81,945</u>
Balance - December 31, 2017	\$ <u><u>79,048</u></u>

**Exhibit B-19**

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

**Schedule of Net Assets Available for Benefits**

**Trust Funds**

**Year Ended December 31, 2017**

Balance - December 31, 2016		\$	1,314,675
Increased by:			
Contributions	\$	79,048	
Gain on Investment		181,553	
Interest on Investments		<u>3,071</u>	
			<u>263,672</u>
			1,578,347
Decreased by:			
Plan Service Charges		873	
Distributions		<u>46,020</u>	
			<u>46,893</u>
Balance - December 31, 2017		\$	<u><u>1,531,454</u></u>

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

**Schedule of Reserve for Veteran Affairs Expenditures**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ 14,931
Increased by:	
Cash Receipts	<u>12,243</u>
	27,174
Decreased by:	
Cash Disbursements	<u>2,756</u>
Balance - December 31, 2017	\$ <u><u>24,418</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Cash

## General Capital Fund

Year Ended December 31, 2017

Balance - December 31, 2016		\$	6,769,903
Increased by Receipts:			
State Grants and County Grants	\$	81,204	
Federal Grants		92,683	
Other Receivables		3,600	
Interfunds		2,770,823	
Premium on Note Sale		3,698	
Bond Sale Closing Proceeds		8,058	
Capital Improvement Fund		190,000	
General Improvement Bonds		5,801,000	
Interest on Investments		<u>5,410</u>	
			<u>8,956,476</u>
			15,726,379
Decreased by Disbursements:			
Improvement Authorizations		7,573,683	
Encumbrances payable		<u>2,982,298</u>	
			<u>10,555,981</u>
Balance - December 31, 2017		\$	<u><u>5,170,398</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2017

Fund Balance	\$ 1,450,301
State and County Grants Receivable	(650,668)
Local Grants Receivable	(5,504)
Federal Grants Receivable	(1,315,510)
Encumbrances Payable	1,938,716
Special Reserves	64,922
Reserve for Unappropriated State Grant	15,464
Capital Improvement Fund	204,239
Interfund Accounts Payable	1,922,199
Reserve for Grants Receivable	18,243

## Improvement Authorizations:

## Ordinance

<u>Number</u>	<u>Improvement Description</u>	
1941	Multiple Purpose	16,808
1965	Multiple Purpose	20,231
2017	Multi Purpose	31,364
2030	Multi Purpose	2,079
2053	Multi Purpose	(41,695)
2194	Various Improvements	50,440
2219	Various Improvements	43,288
2220	Improvement of Various Roads	26,885
2233	Broadway Corridor	150,000
2235	Bergen County Open Space	39,000
2244	Road Improvements	6,522
2245	Various Improvements	206,142
2247	Broadway Corridor, Phase 2	146,500
2254	4-50 Second Street	2,684
2259	Improvements to Parks - Vogel/George St.	14,776
2281	Municipal Park Improvements - Bergen Co. Open Space	1,695
2284	Various Improvements	194,357
2285	Improvements to Various Roads	8,202
2288	Improvements to Chandler Dr. - CDBG	47,103
2293/2409	ADA Ramps, Curbs and Sidewalks	38,153
2302	Senior Grease Trap/Sewer Line	2,979
2303	Road Resurfacing	18,737
2309	Various Improvements	4,346

## BOROUGH OF FAIR LAWN, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2017

2310	Various Improvements	326,654
2320	Fair Lawn Corridor Safety Improvements	190,085
2326	Columbia Heights - Passive Park	6,405
2337	Various Improvements	681,437
2338	Roadway Improvements	4,532
2347	Road Resurfacing	64,605
2348	Senior Center Hand Railings	14,576
2355	Generator Project for Emergency Services	17,755
2376	Various Improvements	599,758
2377	Various Road Improvements	16,351
2380	Senior Center Room Divider	21,400
2384	Memorial Park and Pool Improvements	989
2391	Construction of a Miniature Golf Course	42,775
2402	Naugle-Vanderbeck House	131,226
2427	Various Improvements	(1,506,189)
2428	Roadway Improvements	(274,354)
2434	CDBG Road Resurfacing	159,395
		<hr/>
		\$ 5,170,398
		<hr/>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of State &amp; County Grants Receivable

## General Capital Fund

Year Ended December 31, 2017

	Grant Amount	Year	Ordinance	Balance Dec. 31, 2016	Received	Balance Dec. 31, 2017
<u>Bergen County Open Space Grant:</u>						
Vogel Park	50,000	2013	2259	\$ 9,383		9,383
Columbia Park	20,000	2014	2326	5,721		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	81,204	64,796
<u>Bergen County Dept. of Public Works</u>						
County-wide ADA ramps/curbs/sidewalks	237,000	2014	2293/2409	237,000		237,000
				\$ 731,872	81,204	650,668

## Schedule of Local Grants Receivable

## General Capital Fund

Year Ended December 31, 2017

	Balance Dec. 31, 2016	Received	Balance Dec. 31, 2017
Due from JP Morgan Chase - Parking Lot Paving	\$ 9,104	3,600	5,504
	9,104	3,600	5,504

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Federal and State Grants Receivable

## General Capital Fund

Year Ended December 31, 2017

	Grant Amount	Year	Ordinance	Balance Dec. 31, 2016	2017 Grants Authorized	Received	Balance Dec. 31, 2017
<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		17,021	2,979
Handicapped Ramps	22,530	2015	2346	2,629			2,629
Road Resurfacing	162,530	2015	2347	72,125			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
Road Resurfacing	159,395	2017	2434		159,395		159,395
Total Community Development Block Grants				324,396	159,395	17,021	466,770
<u>State of 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		75,663	436,187
NJ DOT - Plaza Road	149,000	2015	2349	37,250			37,250
Improvements to 20th Street	155,500	2016	2390	59,625			59,625
Total New Jersey Transportation Trust Fund				905,225		75,663	829,562
<u>U.S. Department of Homeland Security:</u>							
Assistance to Office of Emergency Mngt	250,000	2015	2355	250,000		230,822	19,178
Total U.S. Department of Justice				250,000		230,822	19,178
				\$ 1,479,621	159,395	323,506	1,315,510
					Cash Receipt \$	92,683	
					Interfund	230,823	
					\$	323,506	



## BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges to Future  
Taxation - Funded

## General Capital Fund

Year Ended December 31, 2017

Balance - December 31, 2016		\$	33,100,000
Increased by:			
Refunding Bonds Issued			<u>5,801,000</u>
			38,901,000
Decreased by:			
Current year Budget Appropriations:			
Capital Lease Principal	\$	415,000	
Serial Bond Principal		1,980,000	
Bonds Refunded		<u>5,940,000</u>	
			<u>8,335,000</u>
Balance - December 31, 2017		\$	<u><u>30,566,000</u></u>
<b><u>Analysis of Balance:</u></b>			
Capital Leases Payable	\$	9,285,000	
Bonds Payable		<u>21,281,000</u>	
	\$	<u><u>30,566,000</u></u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Deferred Charges to Future Taxation - Unfunded

## General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Funded	Balance Dec. 31, 2017	Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
	General Improvements:							
2053	Multiple Purpose	\$ 66,152			66,152		41,695	24,457
2245	Various Improvements	23,000			23,000			23,000
2259	Improv. To Parks - Vogel/George St.	50,000			50,000		35,224	14,776
2281	Mun. Park Improv. - BC OS	75,000			75,000		73,305	1,695
2284	Various Improvements	215			215			215
2294	Berdan Grove ADA Park Improv	50,000			50,000		50,000	
2309	Various Improvements	100			100			100
2310	Various Improvements	336			336			336
2337	Various Improvements	949,000			949,000			
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			
2427	Various Improvements	2,190,000	2,190,000		2,190,000		1,506,189	683,811
2428	Roadway Improvements	1,438,000	1,438,000		1,438,000		274,354	1,163,646
2439	Refunding Bond Ordinance		6,596,000	5,801,000	795,000			795,000
		\$ 5,329,803	10,224,000	5,801,000	9,752,803	5,065,000	1,980,767	2,707,036
	Refunding Bond Issued \$			5,801,000				
	Improvement Authorizations - Unfunded							4,047,357
	Less: Unexpended proceeds of Bond Anticipation Notes							
	Ordinance:							
	2337	\$					681,437	
	2376						599,758	
	2377						16,351	
	2391						42,775	
								1,340,321
								\$ 2,707,036

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of General Serial Bonds Payable

## General Capital Fund

Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Date	Amount					
Multi-Purpose	Dec. 15, 2010	13,415,000	12/15/18	905,000	3.000%	\$ 9,580,000		6,820,000	2,760,000
			12/15/19	920,000	3.000%				
			12/15/20	935,000	3.250%				
Multi-Purpose	Sept. 1, 2016	13,820,000	09/01/18	1,125,000	2.000%	13,820,000		1,100,000	12,720,000
			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%				
Refunding Bond	Aug. 22, 2017	5,801,000	12/15/21	938,000	3.000%		5,801,000		5,801,000
			12/15/22	948,000	3.000%				
			12/15/23	960,000	3.000%				
			12/15/24	965,000	4.000%				
			12/15/25	995,000	4.000%				
			12/15/26	995,000	4.000%				
						\$ 23,400,000	5,801,000	7,920,000	21,281,000
						Cash \$ 5,801,000		5,940,000	
						Bonds Refunded		1,980,000	
						Budget Appropriation			
						\$ 5,801,000		7,920,000	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Capital Leases Payable

## General Capital Fund

Year Ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Decreased	Balance Dec. 31, 2017
			Date	Amount				
Recreation Center	Nov. 15, 2004	12,860,000	09/15/18	420,000	1.500%	9,700,000	415,000	9,285,000
			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%			
						\$ 9,700,000	415,000	9,285,000

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Bond Anticipation Notes Payable

## General Capital Fund

Year ended December 31, 2017

Ord. No.	Improvement Description	Date of issue of original notes	Date of issue	Date of Maturity	Interest Rate	Balance Dec. 31 2016	Increased	Decreased	Balance, Dec. 31, 2017
2337	Various Improvements	09/16/16	09/15/17	09/14/18	1.10%	949,000	949,000	949,000	949,000
2376	Various Improvements	09/16/16	09/15/17	09/14/18	1.10%	2,190,000	2,190,000	2,190,000	2,190,000
2377	Various Road Improvements	09/16/16	09/15/17	09/14/18	1.10%	1,438,000	1,438,000	1,438,000	1,438,000
2391	Construction of a Miniature Golf Course	09/16/16	09/15/17	09/14/18	1.10%	488,000	488,000	488,000	488,000
						<u>\$ 5,065,000</u>	<u>5,065,000</u>	<u>5,065,000</u>	<u>5,065,000</u>
							<u>Renewed \$ 5,065,000</u>	<u>5,065,000</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Reserve for Special Reserves

## General Capital Fund

Year Ended December 31, 2017

	Balance Dec. 31, 2016	Balance Dec. 31, 2017
Ordinance 1737	\$ 1,127	1,127
Community Development Block Grants	25,012	25,012
Public Works Act of 1976	1,750	1,750
Reserve for JP Morgan Receivable	20,204	20,204
Board of Education Parking Project	7,036	7,036
Reserve for Debt	9,793	9,793
	<u>\$ 64,922</u>	<u>64,922</u>

Analysis of Balance

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

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Improvement Authorizations

## General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2016		2017 Authorizations	Paid or Charged	Balance Dec. 31, 2017	
			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	24,457			2,079	24,457
2053	Multi Purpose	3,087,000				(7,256)	50,440	
2194	Various Improvements	1,297,050	43,184				43,288	
2219	Various Improvements	1,103,800	43,288			(11,142)	26,885	
2220	Improvement of Various Roads	610,000	15,743				150,000	
2233	Broadway Corridor	150,000	150,000				39,000	
2235	Bergen County Open Space	39,000	39,000				6,522	
2244	Road Improvements	510,000	114,072				331,142	23,000
2245	Various Improvements	2,656,000	417,902	23,000			146,500	
2247	Broadway Corridor Phase 2	146,500	146,500			(2,684)	2,684	
2254	4-50 Second Street			14,776				14,776
2259	Improv. To Parks - Vogel/George Street	100,000		1,695				1,695
2281	Muni Park Improvements - BC OS	150,000		215				215
2284	Various Improvements	2,217,700	265,614			21,257	244,357	
2285	Improvements to Various Roads	510,000	41,738			33,536	8,202	
2288	Improv. Chandler Drive CDBG	162,000	47,103				47,103	
2293/2409	ADA Ramps, Curbs and Sidewalks	237,000	37,000			(1,153)	38,153	
2302	Senior Grease Trap/Sewer Line	20,000	2,979				2,979	
2303	Road Resurfacing		18,737				18,737	
2309	Various Improvements	910,000	4,207	100		(139)	4,346	100

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Improvement Authorizations

## General Capital Fund

Year Ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2016		2017 Authorizations	Paid or Charged	Balance Dec. 31, 2017	
			Funded	Unfunded			Funded	Unfunded
2310	Various Improvements	1,612,000	329,005	336		2,351	326,654	336
2320	Fair Lawn Corridor Safety Improvements	511,850	105,382			(84,703)	190,085	
2326	Columbia Heights - Passive Park	20,000	5,655			(750)	6,405	
2337	Various Improvements	2,100,000		769,077		87,640		681,437
2338	Roadway Improvements	1,200,000				(4,248)	4,532	
2347	Road Resurfacing	162,530	284			(64,605)	64,605	
2348	Senior Center Hand Railings	17,530	14,576			514	14,576	
2355	Generator Project for Emergency Services	250,000	18,269				17,755	
2375	Naugle-Vanderbeck House	115,000						
2376	Various Improvements	2,300,000		915,506		315,748		599,758
2377	Various Road Improvements	1,510,000		763,627		747,276		16,351
2379	Road Resurfacing	183,900						
2380	Senior Center Room Divider	21,400	21,400				21,400	
2384	Memorial Park and Pool Improvements	50,000	18,893			17,904	989	
2390	Improvements to 20th Street	155,500						
2391	Construction of a Miniature Golf Course	550,000	59,775	488,000		505,000		42,775
2402	Naugle-Vanderbeck House	131,226	131,226				131,226	
2427	Various Improvements	2,300,000			2,300,000	1,616,189		683,811
2428	Roadway Improvements	1,510,000			1,510,000	346,354		1,163,646
2434	CDBG Road Resurfacing	159,395			159,395		159,395	
2439	Refunding Bond Ordinance	6,596,000			6,596,000	5,801,000		795,000
			\$ 2,162,014	3,000,789	10,565,395	9,512,399	2,168,442	4,047,357

Capital Improvement Fund \$

182,000

Community Development Block Grant

159,395

Deferred Charges - Unfunded

10,224,000

\$ 10,565,395

Encumbrances Payable \$

1,938,716

Cash Disbursements

7,573,683

\$

9,512,399



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

**Schedule of Reserve for Encumbrances Payable**

**General Capital Fund**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ 2,982,298
Increased by:	
Charged to Improvement Authorizations	<u>1,938,716</u>
	4,921,014
Decreased by:	
Payments	<u>2,982,298</u>
Balance - December 31, 2017	\$ <u><u>1,938,716</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, 2017**

Balance - December 31, 2016	\$ <u>15,464</u>
Balance - December 31, 2017	\$ <u><u>15,464</u></u>

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Capital Improvement Fund**  
**General Capital Fund**  
**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ 196,239
Increased by:	
Budget Appropriation	<u>190,000</u>
	386,239
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>182,000</u>
Balance - December 31, 2017	<u><u>\$ 204,239</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## General Capital Fund

Year ended December 31, 2017

	Due from/(to) Balance Dec. 31, 2016	Increased	Decreased	Due from/(to) Balance Dec. 31, 2017
Current Fund	\$ (412,099)	230,823	1,736,233	(1,917,509)
Water Utility Capital Fund	1,040,000		1,040,000	
Water Utility Operating Fund	(4,690)			(4,690)
	<u>\$ 623,211</u>	<u>230,823</u>	<u>2,776,233</u>	<u>(1,922,199)</u>
<u>Analysis</u>				
Due to General Capital Fund	1,040,000		1,040,000	
Due from General Capital Fund	(416,789)	230,823	1,736,233	(1,922,199)
	<u>\$ 623,211</u>	<u>230,823</u>	<u>2,776,233</u>	<u>(1,922,199)</u>
Cash Receipts \$			2,770,823	
Interest on Investments			5,410	
Grants Receivable		230,823		
		<u>\$ 230,823</u>	<u>2,776,233</u>	

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

**Schedule of Reserve for Grants Receivable**

**General Capital Fund**

**Year Ended December 31, 2017**

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

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

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, 2017

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2017</u>
<u>General Improvements:</u>					
2053	Multiple Purpose	\$ 66,152			66,152
2245	Various Improvements	148,000			148,000
2284	Various Improvements	50,215			50,215
2309	Various Improvements	100			100
2310	Various Improvements	336			336
2427	Various Improvements		2,190,000		2,190,000
2428	Roadway Improvements		1,438,000		1,438,000
2439	Refunding Bond Ordinance		6,596,000	5,801,000	795,000
		<u>\$ 264,803</u>	<u>10,224,000</u>	<u>5,801,000</u>	<u>4,687,803</u>
			Refunding Bond Issued \$		<u>5,801,000</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Cash - Treasurer

## Water Utility Fund

Year ended December 31, 2017

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2016	\$ <u>5,945,057</u>	<u>3,932,887</u>
Increased by Receipts:		
Water Collector	6,356,718	
Interest on Investments	49,533	3,530
Interfund		1,500,000
Other Miscellaneous	10,525	
Water Rent Overpayments	11,644	
Capital Improvement Fund		89,500
Utility Serial Bonds		404,000
	<u>6,428,420</u>	<u>1,997,030</u>
	12,373,477	5,929,917
Decreased by Disbursements:		
2017 Appropriations	5,497,701	
2016 Appropriation Reserves	431,205	
Interfunds		1,040,000
Water Rent Overpayments	10,725	
Accrued Interest on Bonds	129,859	
Encumbrances		338,434
Improvement Authorizations		1,115,464
	<u>6,069,490</u>	<u>2,493,898</u>
Balance, December 31, 2017	\$ <u><u>6,303,987</u></u>	<u><u>3,436,019</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Analysis of Cash

## Water Utility Capital Fund

December 31, 2017

		Balance, Dec. 31, <u>2017</u>
Fund Balance	\$	179,042
Encumbrances Payable		304,060
Capital Improvement Fund		24,730
Interfunds Accounts Payable		3,168,423
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	165,567
2286	Impr. To Water Supply & Distr. System	72,188
2311	Impr. To Water Supply & Distr. System	27,861
2339	Impr. To Water Supply & Distr. System	89,510
2378	Impr. To Water Supply & Distr. System	457,985
2429	Impr. To Water Supply & Distr. System	<u>(705,146)</u>
		\$ <u>3,436,019</u>



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## Water Utility Operating Fund

Year ended December 31, 2017

	Due from/(to) Balance <u>Dec. 31, 2016</u>	<u>Increased</u>	Due from/(to) Balance <u>Dec. 31, 2017</u>
Current Fund	\$ 19,800		19,800
General Capital Fund	4,690		4,690
Water Utility Capital Fund	<u>414,893</u>	<u>3,530</u>	<u>418,423</u>
	<u>\$ 439,383</u>	<u>3,530</u>	<u>442,913</u>
<u>Analysis</u>			
Due from Other Funds	<u>439,383</u>	<u>3,530</u>	<u>442,913</u>
	<u>\$ 439,383</u>	<u>3,530</u>	<u>442,913</u>
Interest on Investments		<u>\$ 3,530</u>	

**Exhibit D-8****BOROUGH OF FAIR LAWN, N.J.****Schedule of Consumers' Accounts Receivable -  
Operating Fund****Water Utility Fund****Year ended December 31, 2017**

Balance, December 31, 2016	\$	683,904
Increased by:		
2017 Levy		<u>6,273,164</u>
		6,957,068
Decreased by:		
Overpayments Applied	\$	3,805
Cash Receipts		<u>6,356,718</u>
		<u>6,360,523</u>
Balance, December 31, 2017	\$	<u><u>596,545</u></u>

**Exhibit D-9****Inventory - Material and Supplies****Water Utility Fund****Year ended December 31, 2017**

Balance, December 31, 2016	\$	222,281
Increased by:		
Purchases		<u>96,883</u>
		319,164
Decreased by:		
Inventory Usage		<u>223,300</u>
Balance, December 31, 2017	\$	<u><u>95,864</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Fixed Capital

## Water Utility Capital Fund

Year ended December 31, 2017

<u>Account</u>	Balance, Dec. 31, 2016	Balance, Dec. 31, 2017
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, 2017**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance, Dec. 31, 2016</u>	<u>2017 Authorizations</u>	<u>Balance, Dec. 31, 2017</u>
		<u>Date</u>	<u>Amount</u>			
2123	Improvements to Water System	08/19/08	\$ 94,200	\$ 79,500		79,500
2243	Various Improvements to Water System	09/11/12	1,688,000	1,688,000		1,688,000
2286	Improv of Water Supply & Distr. System	07/16/13	326,400	326,400		326,400
2311	Improv of Water Supply & Distr. System	04/08/14	545,000	545,000		545,000
2339	Improv of Water Supply & Distr. System	04/14/15	800,000	800,000		800,000
2378	Improv of Water Supply & Distr. System	04/19/16	1,140,000	1,140,000		1,140,000
2429	Improv of Water Supply & Distr. System	04/25/17			1,800,000	1,800,000
				<u>\$ 4,578,900</u>	<u>1,800,000</u>	<u>6,378,900</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of 2016 Appropriation Reserves

## Water Utility Fund

Year ended December 31, 2017

	Balance, Dec. 31, <u>2016</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 87,087	87,087	15,008	72,079
Other Expenses	337,172	773,137	415,232	357,905
Health Benefits	103,176	112,595		112,595
Total Operating	<u>527,435</u>	<u>972,819</u>	<u>430,240</u>	<u>542,579</u>
Capital Improvements:				
Capital Outlay	<u>2,000</u>	<u>2,000</u>		<u>2,000</u>
Total Capital Improvements	<u>2,000</u>	<u>2,000</u>		<u>2,000</u>
Deferred Charges and Statutory Expenditures:				
Salary and Wage Adjustment				
Social Security System (O.A.S.I.)	<u>14,097</u>	<u>14,097</u>	<u>965</u>	<u>13,132</u>
Total Deferred Charges and Statutory Expenditures	<u>14,097</u>	<u>14,097</u>	<u>965</u>	<u>13,132</u>
	<u>\$ 543,532</u>	<u>988,916</u>	<u>431,205</u>	<u>557,711</u>
Appropriation Reserves \$		543,532		
Encumbrances		<u>445,384</u>		
		<u>\$ 988,916</u>		

**Exhibit D-13**

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

**Schedule of Accounts Payable**

**Water Utility Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016	\$ <u>61,089</u>
Decreased by:	
Cancelled	\$ <u><u>61,089</u></u>

**Exhibit D-14**

**Schedule of Water Rent Overpayments**

**Water Utility Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016	\$ 16,854
Increased by:	
Current Year Overpayments	<u>11,644</u>
	28,498
Decreased by:	
Overpayments Applied	\$ 3,805
Refunded	<u>10,725</u>
	<u>14,530</u>
Balance, December 31, 2017	\$ <u><u>13,968</u></u>

**Exhibit D-15**

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

**Schedule of Accrued Interest on Bonds and Notes**

**Water Utility Fund**

**Year ended December 31, 2017**

Balance, December 31, 2016	\$	35,871
Increased by:		
Budget Appropriation		<u>140,000</u>
		175,871
Decreased by:		
Payments		<u>129,859</u>
Balance, December 31, 2017	\$	<u><u>46,012</u></u>

Analysis of Accrued Interest

Serial Bonds	Principal Outstanding <u>Dec. 31, 2017</u>	<u>Period</u>	Interest <u>Rate</u>	<u>Amount</u>
\$ 600,000	16 Days	3.00%	\$ 800	
4,865,000	4 Months	2.00%	32,433	
404,000	16 Days	3.00%	<u>539</u>	
			\$ <u><u>33,772</u></u>	

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

**Schedule of Reserve for Encumbrances Payable**

**Water Utility Capital Fund**

**Year Ended December 31, 2017**

Balance - December 31, 2016	\$ 338,434
Increased by:	
Charged to Improvement Authorizations	<u>304,060</u>
	642,494
Decreased by:	
Payments	<u>338,434</u>
Balance - December 31, 2017	\$ <u><u>304,060</u></u>



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Improvement Authorizations

## Water Utility Capital Fund

Year ended December 31, 2017

Ordinance Number	Improvement Description	Ordinance Date	Amount	Balance, Dec. 31, 2016		2017 Authorizations	Balance, Dec. 31, 2017	
				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	158,509			165,567	
2286	Impr. To Water Supply & Distr. System	July 16, 2013	326,400	31,508	80		72,188	80
2311	Impr. To Water Supply & Distr. System	April 8, 2014	545,000	28,862			27,861	
2339	Impr. To Water Supply & Distr. System	April 14, 2015	800,000	305,312			89,510	
2378	Impr. To Water Supply & Distr. System	April 19, 2016	1,140,000	513,298	4,550		457,985	4,550
2429	Impr. To Water Supply & Distr. System	April 25, 2017	1,800,000			1,800,000		1,008,854
2439	Refunding Bond Ordinance	July 18, 2017	404,000			404,000		
				<u>\$ 1,049,630</u>	<u>4,630</u>	<u>2,204,000</u>	<u>825,252</u>	<u>1,013,484</u>
						Encumbrances \$		
						Cash Disbursement	304,060	
							<u>1,115,464</u>	
						\$	<u>1,419,524</u>	
						Authorized Not Issued \$		
						Capital Improvement Fund	1,714,000	
						Refunding Bond Issue	86,000	
							<u>404,000</u>	
						\$	<u>2,204,000</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds

## Water Utility Capital Fund

Year ended December 31, 2017

	Due from/(to) Balance Dec. 31, 2016	Increased	Decreased	Due from/(to) Balance Dec. 31, 2017
Current Fund	\$ (1,250,000)		1,500,000	(2,750,000)
Capital Fund	(1,040,000)	1,040,000		
Water Utility Operating Fund	(414,893)		3,530	(418,423)
	<u>\$ (2,704,893)</u>	<u>1,040,000</u>	<u>1,503,530</u>	<u>(3,168,423)</u>
<u>Analysis</u>				
Due to Other Funds	(2,704,893)	1,040,000	1,503,530	(3,168,423)
	<u>\$ (2,704,893)</u>	<u>1,040,000</u>	<u>1,503,530</u>	<u>(3,168,423)</u>
Cash Disbursements	\$ 1,040,000			
Cash Receipts			1,500,000	
Interest on Investments			3,530	
	<u>\$ 1,040,000</u>		<u>1,503,530</u>	

**Exhibit D-19**

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Capital Improvement Fund**  
**Water Utility Capital Fund**  
**Year ended December 31, 2017**

Balance, December 31, 2016	\$	21,230
Increased by:		
2017 Budget Appropriation		<u>89,500</u>
		110,730
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>86,000</u>
Balance, December 31, 2017	\$	<u>24,730</u>

**Exhibit D-20**

**Schedule of Reserve for Amortization**  
**Water Utility Capital Fund**  
**Year ended December 31, 2017**

Balance, December 31, 2016	\$	15,257,715
Increased by:		
Budget Appropriation - Serial Bond Principal		<u>400,000</u>
		15,657,715
Decreased by:		
Refunding Bonds		<u>4,000</u>
Balance, December 31, 2017	\$	<u>15,653,715</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Deferred Reserve for Amortization

## Water Utility Capital Fund

Year ended December 31, 2017

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date of Ordinance</u>	Balance, Dec. 31, <u>2016</u>	<u>Increased</u>	Balance, Dec. 31, <u>2017</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
2429	Impr. To Water Supply & Distribution System	April 25, 2017		86,000	86,000
			<u>\$ 322,028</u>	<u>86,000</u>	<u>408,028</u>
Capital Improvement Fund \$				<u>86,000</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Water Utility Serial Bonds

## Water Utility Capital Fund

Year ended December 31, 2017

Purpose	Date of Issue	Original Issue	Maturities of bonds outstanding, December 31, 2017		Interest Rate	Balance, Dec. 31, 2016	Issued	Decreased	Balance, Dec. 31, 2017
			Date	Amount					
Water Improvements	Dec. 15, 2010	2,245,000	Dec. 15, 2018	200,000	3.00%	\$ 1,200,000		600,000	600,000
			Dec. 15, 2019	200,000	3.00%				
			Dec. 15, 2020	200,000	3.00%				
Water Improvements	Sept. 1, 2016	5,065,000	Sept. 1, 2018	215,000	2.000%	5,065,000		200,000	4,865,000
			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%				
Refunding Bonds	Aug. 22, 2017	404,000	Dec. 15, 2021	202,000	3.000%		404,000		404,000
			Dec. 15, 2022	202,000	3.000%				
						\$ 6,265,000	404,000	800,000	5,869,000
						Cash \$ 404,000			
						Refunded 400,000			
						Budget Appropriation 400,000			
						\$ 404,000			

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## Water Utility Capital Fund

Year ended December 31, 2017

Ordinance Number	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Balance Dec. 31, 2017
2031	Multiple Purpose	\$ 233,607		233,607
2054	Improvements to Water System	45,265		45,265
2160	Improvements to Water System	81,411		81,411
2218	Various Improvements to Water System	59		59
2286	Improvement of Water Supply & Distribution System	80		80
2378	Improvement of Water Supply & Distribution System	4,550		4,550
2429	Improvement of Water Supply & Distribution System		1,714,000	1,714,000
		<u>\$ 364,972</u>	<u>1,714,000</u>	<u>2,078,972</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, 2017**

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

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkottz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
Fax 973-835-6631

Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## **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, 2017 and the related notes to the financial statements, and have issued our report thereon dated February 12, 2018, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis of opinion was qualified for not meeting the disclosure requirements of GASB Statement No. 68.

### **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*.

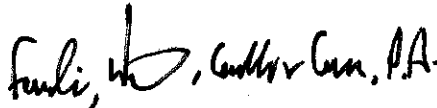
However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Fair Lawn in the accompanying comments and recommendations section of this report.

### **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

February 12, 2018



## **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:

- Various Water Analysis
- Electrical Repair and Maintenance
- Theater Equipment
- Water Main, Sanitary Sewer and Stormwater Facility Repairs
- Bioxide (Liquid Calcium Nitrate) Odor & Control Chemical
- Commercial Doors for Fire CO. #2
- 2017 Roadway Improvements
- Sewage Pump Stations Wet Well Cleaning
- Mobile Sound Shell Stage, Showmaster 3000
- Generator Repair and Maintenance
- Hydrant & Hydrant Parts
- D.I.P. Fittings and Valves
- Printed Supplies - Recycled Paper
- Theater Equipment - Fair Lawn Community Center
- Calgon Carbon Corporation
- Tree Trimming
- 2018 Fleet/Non-Retail Chevrolet Colorado Crew Cab Truck
- Cold Water Meters and Appurtenances
- Chlorine
- Fair Lawn Mini-Golf

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any material or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violation existed. No violations were disclosed.

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

## **BOROUGH OF FAIR LAWN**

### **GENERAL COMMENTS**

**(continued)**

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

The governing body on January 3, 2017 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 18, 2017 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>
2017	3
2016	4
2015	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, 2017**

**COMMENTS**

**FINANCE**

1. \*Not all prior year interfund balances were liquidated prior to the close of the current fiscal year.
2. \*There is an unallocated balance in the Other Trust Fund Reserve for Special Deposits – Tax Sale.
3. There are stale dated checks in various bank accounts.

**DEPARTMENTS**

4. \*A monthly summary receipt ledger is not maintained by the following departments:  
Health Department

Health Department

5. Amounts paid to the State for dog licenses do not agree to collections received.

**BOROUGH OF FAIR LAWN  
COMMENTS & RECOMMENDATIONS  
DECEMBER 31, 2017  
(CONTINUED)**

**RECOMMENDATIONS**

**FINANCE**

1. That all prior year interfunds be liquidated.
2. That the Other Trust Fund be reviewed and any unallocated amounts be turned over to the Current Fund.
3. That all stale dated checks be reviewed and canceled via approved resolution.

**DEPARTMENTS**

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

**Health Department**

5. That all collections for dog licenses are remitted to the State.

## **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 "\*\*".

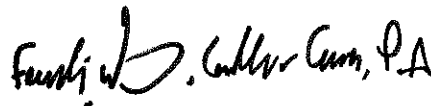
### **Acknowledgment**

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

February 12, 2018