

BOROUGH OF FAIR LAWN

**Financial Statements With
Supplementary Information
December 31, 2009**

(With Independent Auditors' Report Thereon)

BOROUGH OF FAIR LAWN

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INDEPENDENT AUDITOR'S REPORT

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

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 and for the years ended December 31, 2009 and 2008, and the related statements of operations and changes in fund balance-regulatory basis for the years then ended, and the related statement of revenues-regulatory basis and statement of expenditures-regulatory basis of the various funds for the year ended December 31, 2009. These financial statements are the responsibility of the Borough of Fair Lawn's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed below, 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, 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Length of Service Awards Program of the Borough of Fair Lawn has not been audited, and we were not engaged to audit The Length of Service Awards Program financial statements as part of our audit of the Borough's financial statements.

As described in Note 1, these financial statements were prepared in conformity with the accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The affect on the financial statements of the variances between the prescribed basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.



In our opinion, because of the Borough of Fair Lawn's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Fair Lawn, New Jersey as of December 31, 2009 and 2008 or the results of its operations for the years then ended.

The Borough did not implement the requirements of Governmental Accounting Standards Board (GASB), Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. State of New Jersey Local Finance Notice 2007-15 also dictates that municipalities implement this GASB.

However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program and the effect described in the preceding paragraph, present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Fair Lawn at December 31, 2009 and 2008, and the results of its operations and the changes in fund balance-regulatory basis of such funds for the years then ended and the statement of revenues-regulatory basis, and statement of expenditures-regulatory basis for the year ended December 31, 2009, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated July 7, 2010 on our consideration of the Borough of Fair Lawn's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or compliance. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be considered in assessing results of our audit.

Our audit was for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, schedules and exhibits listed in the table of contents are not required parts of the financial statements, but are presented as additional analytical data, as required by the Division of Local Government Services. This information has been subjected to the tests and other auditing procedures applied in the audit of the financial statements mentioned above and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

July 7, 2010



BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 13,282,038	14,380,580
Change Fund	A-5	6,815	9,405
		<u>13,288,853</u>	<u>14,389,985</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	988,929	985,196
Tax Title Liens	A-10	19,438	15,896
Other Liens Receivable	A-11	275	275
Property Acquired for Taxes - Assessed Valuation	A-12	73,260	73,260
Revenue Accounts Receivable	A-13	384,965	323,613
Interfund Accounts Receivable	A-14	239,906	31,360
		<u>1,706,773</u>	<u>1,429,600</u>
Deferred Charges:			
Special Emergency Authorizations	A-15		148,900
			<u>148,900</u>
		<u>14,995,626</u>	<u>15,968,485</u>
Federal and State Grant Fund:			
Cash	A-4	352,210	264,371
Grants Receivable	A-28	1,517,607	1,346,613
		<u>1,869,817</u>	<u>1,610,984</u>
		<u>\$ 16,865,443</u>	<u>17,579,469</u>

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-16	\$ 1,464,102	719,147
Encumbrances Payable	A-3/A-17	927,180	965,425
Interfund Accounts Payable	A-14	46,085	
Accounts Payable	A-18	51,116	25,306
Reserve for Other Expenditures	A-19	2,488,825	2,361,567
Reserve for Library Expenditures	A-20	77,091	58,956
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	A-7	151,688	134,107
Construction Training Fees	A-21	7,188	5,422
Tax Overpayments	A-22	37,558	24,854
Local School Taxes Payable	A-23	544,445	521,277
County Taxes Payable	A-24	20,710	31,265
Prepaid Revenue	A-26	43,069	40,731
SID Taxes Payable		412	
Prepaid Taxes	A-27	508,485	414,290
		<u>6,367,954</u>	<u>5,302,347</u>
Reserve for Receivables	Contra	1,706,773	1,429,600
Fund Balance	A-1	<u>6,920,899</u>	<u>9,236,538</u>
		<u>14,995,626</u>	<u>15,968,485</u>
Federal and State Grant Fund:			
Unappropriated Reserve for Grants	A-29	95,652	58,111
Appropriated Reserve for Grants	A-30	1,703,837	1,417,784
Encumbrances Payable	A-30		132,571
Due to Current Fund	A-8	70,328	2,518
		<u>1,869,817</u>	<u>1,610,984</u>
		<u>\$ 16,865,443</u>	<u>17,579,469</u>

See accompanying notes to financial statements.

BOROUGH OF FAIR LAWN, N.J.

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

Current Fund

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues and Other Income:		
Fund Balance Utilized	5,014,214	5,469,420
Miscellaneous Revenue Anticipated	9,379,118	8,707,961
Receipts from Delinquent Taxes	944,358	884,696
Receipts from Current Taxes	108,738,667	106,155,968
Non-Budget Revenue	435,280	895,336
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	587,170	360,778
Prior Year Interfunds Returned in 2009	1,252	92,910
Accounts Payable Canceled		1,368
	<hr/>	<hr/>
Total Revenues and Other Income	125,100,059	122,568,437
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	16,896,408	16,384,146
Other Expenses	16,952,853	17,172,240
Capital Improvement Fund	277,000	119,500
Municipal Debt Service	4,567,307	4,710,267
Deferred Charges and Statutory Expenditures -		
Municipal	3,238,156	1,962,235
Prior Year Revenue Refunded		165
Tax Refunds	168,060	223,056
Prior Year Tax Deductions Disallowed		33,990
Interfund Charges	236,087	11,540
Local District School Tax	69,461,810	66,978,432
County Taxes including Added Taxes	10,603,803	9,956,045
Special Improvement District Taxes		263,200
	<hr/>	<hr/>
Total Expenditures	122,401,484	117,814,816
Statutory Excess to Surplus	2,698,575	4,753,621
Fund Balance, January 1,	<hr/>	<hr/>
	9,236,538	9,952,337
	11,935,113	14,705,958
Decreased by:		
Fund Balance Utilized as Budget Revenue	5,014,214	5,469,420
Fund Balance, December 31,	<hr/>	<hr/>
	6,920,899	9,236,538

See accompanying notes to the financial statements.

BOROUGH OF FAIR LAWN, N.J.

Supplementary data

Comparative Schedule of Tax Rate Information

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Tax rate	<u>2.15</u>	<u>2.10</u> *	<u>2.03</u>
Apportionment of tax rate:			
Municipal	0.585	0.588	0.577
School	1.364	1.319	1.272
County	<u>0.204</u>	<u>0.196</u>	<u>0.181</u>
* Revaluation			

Assessed Value

2009	\$ 5,392,062,818
2008	5,341,579,709
2007	5,331,774,972

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>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
2009	\$ 110,139,698	108,730,126	98.72%
2008	107,149,925	106,155,968	99.07%
2007	103,227,821	102,183,039	98.99%

Delinquent Taxes and Tax Title Liens

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

<u>Dec. 31</u>	<u>Amount of delinquent taxes</u>	<u>Tax title liens</u>	<u>Total delinquent</u>	<u>Percentage of tax levy</u>
2009	\$ 988,929	19,438	1,008,367	0.92%
2008	985,196	15,896	1,001,092	0.93%
2007	923,547	15,606	939,153	0.91%

BOROUGH OF FAIR LAWN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 5,014,214	5,014,214	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	43,140	41,304	(1,836)
Other	62,327	48,009	(14,318)
Fees and Permits	279,000	245,602	(33,398)
Fines and Costs:			
Municipal Court	744,240	502,426	(241,814)
Interest and Costs on Taxes	167,790	201,947	34,157
Interest on Investments and Deposits	373,260	306,926	(66,334)
Tax and Assessment Searches	20	10	(10)
Memorial Pool	259,000	232,288	(26,712)
Sewer User Charges	83,750	29,921	(53,829)
Cable Television Fees	93,135	93,135	
Uniform Fire Safety Act	192,860	214,125	21,265
Hotel Tax	149,260	105,385	(43,875)
Consolidated Municipal Property Tax Relief Aid	788,595	788,595	
Energy Receipts Tax	3,786,503	3,755,807	(30,696)
Supplemental Energy Receipts Tax	162,742	162,742	
Uniform Construction Code Fees	571,600	595,207	23,607
Public Health Priority Funding - 1987	17,152	17,152	
Drunk Driving Enforcement Fund	9,845	9,845	
Recycling Tonnage Grant			
Clean Communities Program	36,025	36,025	
Municipal Court Alcohol Education and Rehabilitation	16,765	16,765	
Criminal Justice Grant	3,547	3,547	
Cops in Shops Grant	3,667	3,667	
Under Age Drinking	4,977	4,977	
Drunk Driving Enforcement Fund	13,498	13,498	
NJDEP - Clean Communities Program	9,936	9,936	
Emergency Preparedness Funding	2,500	2,500	
Smart Growth Planning Program	7,000	7,000	
Over the Limit Under Arrest	6,000	6,000	
Click It or Ticket 2009	4,000	4,000	
Municipal Alcohol Education	1,253	1,253	
New Jersey Highway Safety Grant	10,000	10,000	
Over the Limit Grant	4,540	4,540	
Highway Safety - 2009 Cell Phone Crackdown Grant	4,000	4,000	
Body Armor Grant	5,196	5,196	
Emergency Management Assistant Funding	5,000	5,000	
Drunk Driving Enforcement Fund - Bergen County	28,228	28,228	
GDL Education & Enforcement Grant	2,000	2,000	
Under Age Drinking Laws Program	1,177	1,177	
Drunk Driving Enforcement Fund	9,068	9,068	
Edward Byrne Memorial Justice Assis. Grant	20,916	20,916	
Over the Limit Under Arrest	5,000	5,000	
Health Emergency Response - H1N1 Grant	147,022	147,022	
Cops in Shops Grant	3,323	3,323	
Reserve for Pension Costs	79,874	79,874	
Capital Surplus	1,357,926	1,357,926	
Cable Television Fees	236,254	236,254	
Total Miscellaneous Revenues	9,812,911	9,379,118	(433,793)

BOROUGH OF FAIR LAWN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2009

Receipts from Delinquent Taxes	884,690	944,358	59,668
Subtotal General Revenues	<u>15,711,815</u>	<u>15,337,690</u>	<u>(374,125)</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>29,561,641</u>	<u>31,978,554</u>	<u>2,416,913</u>
Budget Totals	45,273,456	47,316,244	2,042,788
Non-Budget Revenue		<u>435,280</u>	<u>435,280</u>
	<u>\$ 45,273,456</u>	<u>47,751,524</u>	<u>2,478,068</u>

Analysis of Realized Revenues

Revenue from Current Tax Collections		\$ 108,993,739
Allocated to School and County Taxes	\$ 80,065,613	
Special District Taxes	<u>263,612</u>	
		<u>80,329,225</u>
Balance for Support of Municipal Budget Appropriations		28,664,514
Add : Appropriation - Reserve for Uncollected Taxes		<u>3,314,040</u>
Amount for Support of Municipal Budget Appropriations		<u>\$ 31,978,554</u>
Receipts from Delinquent Taxes: Delinquent Taxes		<u>944,358</u>
		<u>\$ 944,358</u>

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

Current Fund

Year Ended December 31, 2009

Analysis of Non-budget Revenues

Recreation Fees	\$ 136,883
Copies, Maps, Plans, Specs, Ordinances	11,489
Visa	640
Police Fees	11,455
Traffic Lights	934
Dumpster	1,280
List of Property Owners	930
Med B Adm Charge	56
Jury Duty	173
Bad Check Charge	195
Café License	800
Cell Tower Revenue	47,946
Hep B Shots and Flu Shots	1,652
ATM Revenue	1,055
Tax Sale Fee	1,825
Meals on Wheels	11,716
Medicare Prescription Drug Reimb	100,881
Property Rental	2,500
Board of Education Reimbursements	5,000
Vending Machines	698
Bus Shelter Revenue	5,400
Flu Shots	7,469
Miscellaneous	84,303
	\$ <u>435,280</u>

See accompanying notes to the financial statements.

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
General Government:					
Administration:					
Salaries and Wages	\$ 301,800	231,800	218,408	13,392	
Other Expenses	74,250	76,750	73,471	3,279	
Human Resources:					
Other Expenses	60,000	80,000	63,005	16,995	
Mayor and Council:					
Salaries and Wages	10,000	10,000	10,000		
Other Expenses	252,400	272,400	261,727	10,673	
Municipal Clerk:					
Salaries and Wages	214,700	205,700	197,072	8,628	
Other Expenses	61,350	64,050	63,384	666	
Financial Administration:					
Salaries and Wages	405,300	405,300	396,574	8,726	
Other Expenses	17,700	17,700	13,382	4,318	
Audit Services	31,700	31,700	31,500	200	
Assessment of Taxes:					
Salaries and Wages	237,000	237,000	236,747	253	
Other Expenses	45,700	45,700	43,884	1,816	
Collection of Taxes:					
Salaries and Wages	153,000	153,000	152,804	196	
Other Expenses	27,300	27,300	24,331	2,969	
Legal Services and Cost:					
Other Expenses	131,300	131,300	106,639	24,661	
Engineering Services and Costs:					
Salaries and Wages	246,100	246,100	245,102	998	
Other Expenses	13,600	8,600	7,553	1,047	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					
Planning Board:					
Salaries and Wages	16,000	16,000	15,830	170	
Other Expenses	69,200	54,200	41,857	12,343	
Zoning Board of Adjustment:					
Salaries and Wages	6,000	6,000	5,954	46	
Other Expenses	35,900	45,300	45,110	190	
Insurance:					
Self Insurance Program					
Liability Insurance (N.J.S.A. 40:10-12)	328,000	328,000	328,000		
Workers Compensation Insurance (N.J.S.A. 40:10-12)	578,606	578,606	578,606		
Group Insurance Plan for Employees:					
Hospital Service Insurance	5,147,000	4,920,000	4,913,755	6,245	
Other Insurance Premiums	62,000	62,000	54,602	7,398	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3)	45,000	45,000	45,000		
Public Safety:					
Police:					
Salaries and Wages	7,439,000	7,439,000	6,979,385	459,615	
Other Expenses	236,940	236,940	230,172	6,768	
Acquisition of Police Cars	85,600	85,600	84,846	754	
Police Dispatch:					
Salaries and Wages	441,000	441,000	412,553	28,447	
Emergency Management:					
Salaries and Wages	71,000	71,000	70,834	166	
Other Expenses	88,150	88,150	84,698	3,452	
Fire:					
Other Expenses	218,250	218,250	212,419	5,831	
Ambulance:					
Other Expenses	55,000	55,000	52,023	2,977	

BOROUGH OF FAHLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Uniform Fire Safety Act: (P.L. 1983 Chap. 383)					
Salaries and Wages	190,200	198,000	195,185	2,815	
Other Expenses	19,300	19,300	12,972	6,328	
Municipal Prosecutor:					
Salaries and Wages	19,900	19,900	19,900		
Municipal Court					
Salaries and Wages	330,500	330,500	322,567	7,933	
Other Expenses	25,100	25,100	16,793	8,307	
Public Works:					
Road Repairs and Maintenance:					
Salaries and Wages	653,500	673,500	637,453	36,047	
Other Expenses	49,500	54,500	48,779	5,721	
Shade Tree:					
Salaries and Wages	419,000	435,500	430,519	4,981	
Other Expenses	86,800	84,800	77,261	7,539	
Electrical Services:					
Salaries and Wages	103,000	103,000	69,848	33,152	
Other Expenses	6,500	6,500	3,649	2,851	
Public Buildings and Grounds:					
Salaries and Wages	400,700	400,700	390,361	10,339	
Other Expenses	117,400	130,200	125,051	5,149	
Maintenance Garage:					
Salaries and Wages	254,100	254,100	236,642	17,458	
Other Expenses	200,800	217,800	206,767	11,033	
Community Services Act:					
Other Expenses	47,000	47,000	7,887	39,113	
Administration of Public Works:					
Salaries and Wages	189,000	189,000	188,153	847	
Other Expenses	2,300	2,300	2,081	219	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Sanitation:					
Sewer System:					
Salaries and Wages	491,000	516,000	509,228	6,772	
Other Expenses	84,100	84,100	83,355	745	
Recycling:					
Salaries and Wages	853,600	1,044,100	857,786	186,314	
Other Expenses	27,000	27,000	26,490	510	
Health and Human Services:					
Health Department:					
Salaries and Wages	484,400	484,400	466,517	17,883	
Other Expenses	115,500	65,500	64,519	981	
Administration of Social Services:					
Salaries and Wages	111,900	115,200	115,067	133	
Other Expenses	12,900	14,400	14,296	104	
Mental Health Program (N.J.S.A. 40:5-9):					
Contractual	32,200	32,200	32,200		
Recreation and Parks:					
Recreation:					
Salaries and Wages	1,228,000	1,228,000	1,194,465	33,535	
Other Expenses	111,200	111,200	99,739	11,461	
Parks and Playgrounds:					
Salaries and Wages	549,700	549,700	537,220	12,480	
Other Expenses	69,500	69,500	69,110	390	
Celebration of Public Events:					
Other Expenses	13,000	13,000	12,236	764	
Garretson House Historical Site	2,000	2,000	2,000		
Cadmus House Historical Site	4,000	4,000	2,417	1,583	
Aid to Health Care Facility (N.J.S.A. 44:5-2):					
Aid to the Opportunity Center	5,000	5,000	5,000		
Aid to Cerebral Palsy Center Bergen County	2,500	2,500	2,500		
Veterans' Service Bureau:					
Other Expenses	4,000	4,000	4,000		

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Unclassified:					
Terminal Leave:					
Salaries and Wages	21,208	21,208	21,208		
Postage:					
Other Expenses	68,000	70,000	69,439	561	
Utility Expenses and Bulk Purchases					
Electricity	499,000	519,000	518,991	9	
Street Lighting	322,000	334,000	331,382	2,618	
Telephone	107,000	127,000	104,052	22,948	
Gas	99,400	99,400	79,772	19,628	
Fuel Oil	20,000	20,000	10,748	9,252	
Gasoline	372,400	342,400	269,193	73,207	
Landfill and Solid Waste Disposal Costs					
Garbage and Trash Removal:					
Contractual	898,000	898,000	897,600	400	
Other Expenses	1,155,000	1,155,000	1,101,854	53,146	
Uniform Construction Code:					
Construction Code Official:					
Salaries and Wages	866,500	866,500	847,152	19,348	
Other Expenses	13,000	13,000	10,588	2,412	
Public Defender					
Salaries and Wages	5,200	5,200	5,200		
Total Operations within "CAPS"	28,968,654	28,968,654	27,658,419	1,310,235	
B. Contingent	2,000	2,000		2,000	
Total Operations Including Contingent-within "CAPS"	28,970,654	28,970,654	27,658,419	1,312,235	
Detail:					
Salaries & Wages	16,712,308	16,896,408	15,985,734	910,674	
Other Expenses (Including Contingent)	12,258,346	12,074,246	11,672,685	401,561	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
(E) Deferred Charges and Statutory Expenditures- Municipal within "CAPS"					
(1) DEFERRED CHARGES					
Deficit in Worker's Compensation Fund	1,394	1,394	1,394		
(2) STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	874,012	874,012	769,697	104,315	
Social Security System (O.A.S.I.)	871,000	871,000	851,657	19,343	
Consolidated Police and Firemen's Pension	37,850	37,850	37,818	32	
Police and Firemen's Retirement System of N.J.	1,305,000	1,305,000	1,304,973	27	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	3,089,256	3,089,256	2,965,539	123,717	
Total General Appropriations for Municipal Purposes within "CAPS"	32,059,910	32,059,910	30,623,958	1,435,952	
Passaic Valley Sewer Commission: Share of Costs	1,870,000	1,870,000	1,869,227	773	
Maintenance of Free Public Library LOSAP Program Contribution	2,476,932	2,476,932	2,476,428	504	
Recycling Tax Appropriation	91,000	91,000	75,499	15,501	
	36,000	36,000	35,225	775	
Total Other Operations - Excluded from "CAPS"	4,473,932	4,473,932	4,456,379	17,553	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Public and Private Programs Offset by Revenues					
Municipal Alliance Against Alcohol and Drug Abuse	16,765	16,765	16,765		
Other Expenses					
Matching Funds for Grants:					
Municipal Alliance Against alcohol and Drug Abuse	4,191	4,191	4,191		
Public Health Priority Funding:					
Other Expenses	17,152	17,152	17,152		
Clean Communities Grant (N.J.S.A. 13:1e-99.2)	36,025	36,025	36,025		
Cops in Shops Grant	3,323	3,323	3,323		
Drunk Driving Enforcement Fund	13,498	13,498	13,498		
NJDEP - Clean Communities Program	9,936	9,936	9,936		
Emergency Preparedness Funding	2,500	2,500	2,500		
Smart Growth Planning Program	7,000	7,000	7,000		
Matching Funds for Grants:					
Smart Growth Planning Program	8,250	8,250	8,250		
Over the Limit Under Arrest Grant	6,000	6,000	6,000		
Click It or Ticket 2009	4,000	4,000	4,000		
Municipal Alcohol Education	1,253	1,253	1,253		
GDL Education & Education Grant	2,000	2,000	2,000		
Underage Drinking Laws Program	1,177	1,177	1,177		
Drunk Driving Enforcement Fund	9,068	9,068	9,068		
Edward Byrne Memorial Justice Assistance Grant	20,916	20,916	20,916		
Over the Limit Under Arrest Grant	5,000	5,000	5,000		
Health Emergency Response - H1N1 Grant	147,022	147,022	147,022		
Body Armor Grant	5,196	5,196	5,196		
Over the Limit Under Arrest Grant	4,540	4,540	4,540		
Criminal Justice	3,547	3,547	3,547		
Cops in Shops Grant	3,667	3,667	3,667		
Highway Safety Grant	10,000	10,000	10,000		
Drunk Driving Enforcement Fund	9,845	9,845	9,845		
Highway Safety - 2009 Cell Phone Crackdown	4,000	4,000	4,000		
Drunk Driving Enforcement Fund - Bergen County	28,229	28,229	28,229		

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Underage Drinking Laws Program	4,978	4,978	4,978		
Matching Funds for Grants	10,597	10,597		10,597	
Emergency Management Assistance Funding	5,000	5,000	5,000		
	<u>404,675</u>	<u>404,675</u>	<u>394,078</u>	<u>10,597</u>	
Total Public and Private Programs Offset by Revenues	4,878,607	4,878,607	4,850,457	28,150	
Total Operations-Excluded from "CAPS" Detail:					
Salaries and Wages					
Other Expenses	4,878,607	4,878,607	4,850,457	28,150	
Capital Improvement Fund	<u>277,000</u>	<u>277,000</u>	<u>277,000</u>		
Total Capital Improvements Excluded from "CAPS"	277,000	277,000	277,000		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	2,350,000	2,350,000	2,350,000		6,656
Payment of Note Principal	360,000	360,000	353,344		144
Interest on Bonds	531,000	531,000	530,856		
Interest on Notes	366,000	366,000	268,540		97,460
Green Trust Loan Program:					
Payment of Bond Principal	433,000	433,000	432,629		371
Interest on Bonds	645,000	645,000	631,938		13,062
Total Municipal Debt Service-Excluded from "CAPS"	<u>4,685,000</u>	<u>4,685,000</u>	<u>4,567,307</u>		<u>117,693</u>

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2009

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Deferred Charges and Statutory Expenditures- Municipal excluded from "CAPS" (1) DEFERRED CHARGES: Special Emergency Authorization - 5 Years (N.J.S. 40A:4-55)	148,900	148,900	148,900		
Total Deferred Charged and Statutory Expenditures-Municipal exclude from "CAPS"	148,900	148,900	148,900		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	9,989,507	9,989,507	9,843,664	28,150	117,693
Subtotal General Appropriations	42,049,417	42,049,417	40,467,622	1,464,102	117,693
Reserve for Uncollected Taxes	3,314,040	3,314,040	3,314,040		
Total General Appropriations	\$ 45,363,457	45,363,457	43,781,662	1,464,102	117,693
Adopted Budget\$	45,130,764				
Appropriation by 40:A4-87	232,693				
	\$ 45,363,457				
Reserve for Uncollected Taxes\$	3,314,040				
Federal and State Grants	381,635				
Encumbrances	927,180				
Interfunds	968,995				
Reserve for Terminal Leave	164,447				
Cash	38,025,365				
	\$ 43,781,662				

See accompanying notes to the financial statements.

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2009 and 2008

<u>Assets</u>	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Animal Trust Fund:			
Cash	B-1	45,898	39,071
Other Trust Funds:			
Cash	B-1	713,901	646,590
Unemployment Compensation Insurance Trust Fund:			
Cash	B-1	59,088	111,747
Interfund Accounts Receivable	B-6	48,551	3,551
		<u>107,639</u>	<u>115,298</u>
Self-Insurance Trust Fund:			
Cash	B-1	365,786	220,086
Deficit in Reserve for Workers' Compensation Insurance Expenditures	B-2		1,394
		<u>365,786</u>	<u>221,480</u>
Free Public Library Trust Fund:			
Cash	B-1	112,325	112,709
Cafeteria Plan Trust Fund:			
Cash	B-1	7,642	7,973
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Cash in Plan	B-1	484,401	342,562
Service Award Contributions Receivable	B-17	72,709	65,518
		<u>557,110</u>	<u>408,080</u>
		<u>\$ 1,910,301</u>	<u>1,551,201</u>

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Trust Fund:			
Prepaid Licenses	B-3	1,498	1,286
Animal Trap Deposits	B-4	5,928	5,912
Due to State of New Jersey	B-5	379	373
Interfund Accounts Payable	B-6	11,896	11,704
Accounts Payable			465
Reserve for Animal Trust Fund Expenditures	B-10	26,197	19,331
		<u>45,898</u>	<u>39,071</u>
Other Trust Fund:			
Due to State of New Jersey	B-5	570	1,435
Interfund Accounts Payable	B-6	53,988	2,726
Sundry Reserve and Deposits	B-7	190,690	100,826
Escrow Reserves and Deposits	B-8	396,021	471,495
Donation Reserves and Deposits	B-9	72,632	70,108
		<u>713,901</u>	<u>646,590</u>
Unemployment Compensation Insurance Trust Fund:			
Due to State of New Jersey	B-5	6,952	622
Reserve for Unemployment Compensation Insurance Expenditures	B-11	100,687	114,676
		<u>107,639</u>	<u>115,298</u>
Self-Insurance Trust Fund:			
Interfund Accounts Payable	B-6		8,258
Reserve for:			
Worker's Compensation Expenditures	B-12	236,252	
Self-Insurance Expenditures	B-13	129,534	213,222
		<u>365,786</u>	<u>221,480</u>
Free Public Library Trust Fund:			
Reserve for Library Trust Expenditures	B-14	19,854	102,709
Reserve for Restricted Trust Expenditures	B-15	92,471	10,000
		<u>112,325</u>	<u>112,709</u>
Cafeteria Plan Trust Fund:			
Interfund Accounts Payable	B-6	186	
Reserve for Cafeteria Plan Expenditures	B-16	7,456	7,973
		<u>7,642</u>	<u>7,973</u>

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2009 and 2008

	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
<u>Liabilities, Reserves & Fund Balance (Cont...)</u>			
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Net Assets Available for Benefits	B-18	<u>557,110</u>	<u>408,080</u>
		<u>\$ 1,910,301</u>	<u>1,551,201</u>

See accompanying notes to financial statements.

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2009 and 2008

<u>Assets</u>	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Cash	C-2/C-3	\$ 2,809,961	2,883,077
Grants Receivable:			
State and County Grants	C-4	390,848	699,348
Community Development Block Grant	C-5	194,699	244,699
Interfunds Receivable:			
Assessment Trust Fund	C-17		
Deferred Charges to Future Taxation:			
Funded	C-6	21,145,000	23,765,000
Unfunded	C-7	<u>24,059,070</u>	<u>19,802,914</u>
		<u>\$ 48,599,578</u>	<u>47,395,038</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	\$ 9,555,000	11,905,000
Capital Leases Payable	C-9	11,590,000	11,860,000
Encumbrances Payable	C-10	659,568	764,001
Bond Anticipation Notes Payable	C-11	13,416,301	11,739,645
Reserve for Payment of Debt	C-12	26,139	26,139
Improvement Authorizations:			
Funded	C-13	1,174,179	1,304,464
Unfunded	C-13	10,542,861	7,104,527
Public Works Employment Act of 1976	C-14	1,750	1,750
Reserve for Unappropriated State Grant	C-15	15,464	15,464
Capital Improvement Fund	C-16	64,076	18,076
Interfunds	C-17	4,690	3,817
Reserve for Grants Receivable	C-18	18,243	20,143
Fund Balance	C-1	<u>1,531,307</u>	<u>2,632,012</u>
		<u>\$ 48,599,578</u>	<u>47,395,038</u>

There were \$10,642,769 and \$8,063,269 of Bonds and Notes Authorized But Not Issued on December 31, 2009 and 2008 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, 2009 and 2008

Balance - December 31, 2008	\$ 2,632,012
Increased by:	
Bond Anticipation Note Proceeds	<u>257,220</u>
	2,889,232
Decreased by:	
Budgeted Capital Surplus	<u>1,357,925</u>
Balance - December 31, 2009	<u>\$ 1,531,307</u>

See accompanying notes to the financial statements.

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2009 and 2008

<u>Assets</u>	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ <u>407,031</u>	<u>342,230</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-9	340,802	374,326
Inventory - Materials and Supplies	D-10	<u>85,929</u>	<u>70,000</u>
		<u>426,731</u>	<u>444,326</u>
Interfund Accounts Receivable	D-7	<u> </u>	<u>190</u>
Deferred Charges:			
Deficit in Operations	D-8	<u>253,269</u>	<u>220,152</u>
		<u>253,269</u>	<u>220,152</u>
Total Water Utility Operating Fund		<u>1,087,031</u>	<u>1,006,898</u>
Capital Fund:			
Cash - Treasurer	D-5,D-6	5,187	659,588
Fixed Capital	D-11	11,898,999	11,898,999
Fixed Capital Authorized and Uncompleted	D-12	6,270,825	5,976,825
Interfund Receivable - Water Utility Operating	D-19	<u>162,151</u>	<u> </u>
Total Capital Fund		<u>18,337,162</u>	<u>18,535,412</u>
		<u>\$ 19,424,193</u>	<u>19,542,310</u>

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2009 and 2008

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2009</u>	<u>2008</u>
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-13	102,953	193,989
Reserve for Encumbrances	D-4	163,274	155,997
Interfund Accounts Payable	D-7	183,087	
Accounts Payable	D-14	3,234	3,234
Water Rent Overpayments	D-15	5,281	2,670
Accrued Interest on Bonds	D-16	14,928	19,139
		<u>472,757</u>	<u>375,029</u>
Reserve for Receivables	Contra	426,731	444,326
Fund Balance	D-1	187,543	187,543
		<u>1,087,031</u>	<u>1,006,898</u>
Total Water Utility Operating Fund			
Capital Fund:			
Due to Water Utility Operating Fund	D-19		190
Serial Bonds Payable	D-23	966,000	1,221,000
Bond anticipation notes payable	D-24	2,248,699	2,294,355
Improvement authorization:			
Encumbrances	D-17	50,194	74,682
Funded	D-18	6,170	372,112
Unfunded	D-18	1,540,878	1,433,650
Capital Improvement Fund	D-20	5,500	5,500
Reserve for:			
Amortization	D-21	12,231,444	11,976,444
Deferred Amortization	D-22	913,262	853,606
Fund Balance	D-2	375,015	303,873
		<u>18,337,162</u>	<u>18,535,412</u>
Total Capital Fund		<u>18,337,162</u>	<u>18,535,412</u>
		<u>\$ 19,424,193</u>	<u>19,542,310</u>

There were \$1,854,351 and \$1,574,351 of Bonds and Notes Authorized But Not Issued on December 31, 2009 and 2008 respectively (Exhibit D-25).

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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenue and other income:		
Water rents	\$ 4,613,454	5,013,181
Miscellaneous Revenue	10,742	27,605
Budgeted Water Capital Surplus	300,000	
Accrued Interest on Bonds	41,455	1,385
Unexpended balance appropriation reserve	<u>165,818</u>	<u>5,673</u>
Total revenue and other income	<u>5,131,469</u>	<u>5,047,844</u>
Expenditures:		
Operating	4,465,600	4,407,642
Capital improvements	14,000	5,000
Debt service	454,000	439,646
Deferred charges and statutory expenditures	230,986	379,667
Deficit in Operations in Prior Year	<u>220,152</u>	<u>36,041</u>
Total expenditures	<u>5,384,738</u>	<u>5,267,996</u>
Operating Deficit to be Raised in Budget of Succeeding Year	<u>(253,269)</u>	<u>(220,152)</u>
Fund balance, January 1	<u>187,543</u>	<u>187,543</u>
	187,543	187,543
Balance, December 31	<u>\$ 187,543</u>	<u>187,543</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, 2009 and 2008

Balance, December 31, 2008	\$ 303,873
Increased by:	
Improvement Authorizations Cancelled	<u>371,142</u>
	675,015
Decreased by:	
Budget Revenue	<u>300,000</u>
Balance, December 31, 2009	<u><u>\$ 375,015</u></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, 2009

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Rents	\$ 5,013,181	4,469,383	(543,798)
Miscellaneous	27,600	10,742	(16,858)
Rents - Additional	144,071	144,071	
Water Capital Surplus	<u>300,000</u>	<u>300,000</u>	
	<u>\$ 5,484,852</u>	<u>4,924,196</u>	<u>(560,656)</u>

Analysis of Realized Revenue

Rents	\$ 4,613,454
Water Capital Surplus	<u>300,000</u>
	<u>4,913,454</u>
Interest on Investments	3,718
Due from Water Capital Fund - Interest on investments	659
Other miscellaneous	<u>6,365</u>
	<u>\$ 10,742</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, 2009

	Appropriations		Paid or charged	Reserved	Cancelled
	Budget	Budget after modifi- cation			
Operating:					
Salaries and Wages	\$ 2,189,900	2,189,900	2,158,999	30,901	
Other Expenses	<u>2,375,700</u>	<u>2,375,700</u>	<u>2,203,648</u>	<u>72,052</u>	<u>100,000</u>
Total Operating	<u>4,565,600</u>	<u>4,565,600</u>	<u>4,362,647</u>	<u>102,953</u>	<u>100,000</u>
Capital Improvements:					
Capital Improvement Fund	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>		
Total Capital Improvements	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>		
Debt Service:					
Payment of Bond Principal	255,000	255,000	255,000		
Payment of Bond Anticipation Note Principal	48,000	48,000	48,000		
Interest on Bonds	57,000	57,000	57,000		
Interest on Bond Anticipation Notes	<u>94,000</u>	<u>94,000</u>	<u>94,000</u>		
Total Debt Service	<u>454,000</u>	<u>454,000</u>	<u>454,000</u>		
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures - Contribution to:					
Public Employee's Retirement System	63,100	63,100	63,100		
Social Security System (O.A.S.I.)	<u>168,000</u>	<u>168,000</u>	<u>168,000</u>		
Total Deferred Charges and Statutory Expenditures	<u>231,100</u>	<u>231,100</u>	<u>231,100</u>		
	<u>\$ 5,264,700</u>	<u>5,264,700</u>	<u>5,061,747</u>	<u>102,953</u>	<u>100,000</u>
			Cash Disbursed \$ 4,464,687		
			Reserve for Encumbrances 163,274		
			Interfunds 268,786		
			Accrued Interest on Bonds 151,000		
			Capital Improvement Fund 14,000		
			<u>\$ 5,061,747</u>		

See accompanying notes to financial statements.

BOROUGH OF FAIR LAWN, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>General Fixed Assets:</u>		
Land	\$ 11,169,750	11,169,750
Buildings	41,230,799	41,230,799
Machinery and Equipment	<u>12,605,784</u>	<u>12,302,661</u>
	<u>\$ 65,006,333</u>	<u>64,703,210</u>
Investment in Fixed Assets	<u>\$ 65,006,333</u>	<u>64,703,210</u>

See accompanying notes to financial statements.

BOROUGH OF FAIR LAWN, N.J.

Comparative Statement of Net Payroll and Withholdings Payable

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Cash		
Net Payroll	\$ 1,465	
Due from Current Fund	1,085	
Deficit in Payroll Account	<u>1,001</u>	<u>7,745</u>
	<u>\$ 3,551</u>	<u>7,745</u>
 <u>Liabilities:</u>		
Deficit in Net Payroll - Cash	\$	2,943
Due to Current Fund		1,251
Due to Unemployment Compensation Trust Fund	<u>3,551</u>	<u>3,551</u>
	<u>\$ 3,551</u>	<u>7,745</u>

See accompanying notes to financial statements.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008

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, 2009 and 2008
(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 - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individual, private organizations, or other governments are recorded in the Trust Funds.

- Other Trust Funds - 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.
- Animal Trust Fund - This fund is used to account for fees collected from animal licenses and expenditures which are regulated by NJS 4:19-15.11.
- Library Trust Fund - This fund is used to account for the activities of the Library.
- Assessment Trust Fund - This fund is used to account for assessments for improvements levied against the improved properties.
- Self Insurance Trust Fund - This fund is used to account for worker's compensation and property and general liability claims and premiums.
- Unemployment Compensation Trust Fund - This fund is used to account for all unemployment compensation receipts and disbursements.
- Payroll Trust Fund - This fund is used to account for net payroll and payroll withholdings payable to other agencies.

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.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

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

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

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.

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 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 April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a 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.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

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

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

Basis of Accounting, (continued)

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 in the Current Fund and Water Utility Operating 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.

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

- General Capital Fund
- Trust Funds
- Public Assistance 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 last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2009, the Mayor and Council approved additional revenues and appropriations of \$232,693 in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the governing body.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

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

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

Basis of Accounting, (continued)

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.

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 only included on the Water Utility Operating Fund balance sheets.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

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

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

Basis of Accounting, (continued)

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 cost which approximates fair value 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.

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.

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.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

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

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

Basis of Accounting, (continued)

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.

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 Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55). Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final average compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years or 1/60 of final average compensation multiplied by the number of years of creditable service, whichever is greater. Special retirement is permitted to members who have 25 or more years of creditable service in the system. Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

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 for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

Significant Legislation

On March 17, 2009, the legislative of the State of New Jersey enacted Public Laws 2009, c.19(S-21) the "Pension Deferral Program". This law allows the Division of Pensions and Benefits to provide non-state government pension system employers the option of paying their full amount, or an amount that reflects a 50 percent reduction of the normal and accrued liability component of the Public Employees' Retirement System and/or the Police and Firemen's Retirement System obligation for payment due to the State Fiscal Year ending June 30, 2009. The amount deferred will be repaid starting in April 2012 over a 15-year period at 8¼ percent. The amount will fluctuate based on pension system investment earnings on the deferred amount. The local employer is allowed to payoff the obligation at any time prior to April 2012.

The Borough of Fair Lawn did not opt for this deferral.

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 5.0% for PERS and 8.5% for PFRS of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. 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>
December 31, 2009	\$874,012	\$1,304,973
December 31, 2008	680,463	1,178,672
December 31, 2007	304,168	817,721

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the PERS. A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2009 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
General Obligation Debt	\$11,905,000	\$	\$2,350,000	\$9,555,000	\$2,350,000
Water Utility Obligation Debt	<u>1,221,000</u>	_____	<u>255,000</u>	<u>966,000</u>	<u>200,000</u>
Total Bonds Payable	<u>13,126,000</u>	_____	<u>2,605,000</u>	<u>10,521,000</u>	<u>2,550,000</u>
Other Liabilities:					
Capital Leases Payable	11,860,000		270,000	11,590,000	275,000
Compensated Absences Payable	<u>1,594,321</u>	<u>128,085</u>	<u>76,785</u>	<u>1,645,621</u>	<u>275,000</u>
Total Other Liabilities	<u>13,454,321</u>	<u>128,085</u>	<u>346,785</u>	<u>13,235,621</u>	<u>275,000</u>
	<u>\$26,580,321</u>	<u>\$128,085</u>	<u>\$2,951,785</u>	<u>\$23,756,621</u>	<u>\$2,825,000</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 2009</u>	<u>Year 2008</u>	<u>Year 2007</u>
Issued:			
General Bonds and Notes	\$22,971,301	\$23,644,645	\$26,172,000
Water Utility Bonds and Notes	<u>3,214,699</u>	<u>3,515,355</u>	<u>3,809,000</u>
	<u>26,186,000</u>	<u>27,160,000</u>	<u>29,981,000</u>
Authorized But Not Issued:			
General Bonds and Notes	10,642,769	8,063,269	5,746,791
Water Utility Bonds and Notes	<u>1,854,351</u>	<u>1,574,351</u>	<u>1,486,451</u>
	<u>12,497,120</u>	<u>9,637,620</u>	<u>7,233,242</u>
Total Bonds and Notes	38,683,120	36,797,620	37,214,242
Less deductions	<u>26,139</u>	<u>26,139</u>	<u>26,139</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$38,656,981</u>	<u>\$36,771,481</u>	<u>\$37,188,103</u>

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(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 .73%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$22,472,332	\$22,472,332	\$0
Water Utility	5,069,050		5,069,050
General Debt	<u>33,614,070</u>	<u>26,139</u>	<u>33,587,931</u>
	<u>\$61,155,452</u>	<u>\$22,498,471</u>	<u>\$38,656,981</u>

Net debt of \$38,656,981 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$5,262,834,292 equals .73%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$184,199,200
Net Debt	<u>38,656,981</u>
Remaining Borrowing Power	<u>\$145,542,219</u>

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

Cash receipts from fees, rents or other charges for year	\$4,624,196
Deductions:	
Operating and Maintenance Cost	\$4,710,700
Debt Service per Water Account	<u>435,152</u>
Total Deductions	<u>5,145,852</u>
Deficit In Revenue	<u>\$521,656</u>

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's long-term debt consisted of the following at December 31, 2009:

Paid by Current Fund:

General Obligation Bonds

\$13,300,000 1997 Bonds due in annual installments of \$625,000.00 to \$1,250,000 through August, 2010, interest at 4.7%	\$1,250,000
\$15,225,000 Bonds due in annual installments of \$675,000 to \$1,205,000 through June 2017, interest at 4.00% to 4.625%	<u>8,305,000</u>
	<u>\$9,555,000</u>

Paid by Water Utility Operating Fund:

Water Utility Bonds

\$2,621,000, 1997 Bonds due in annual installments of \$110,000 to \$166,000 through August, 2012, interest at 4.70%	\$566,000
\$715,000 2001 Bonds due in annual installments of \$35,000 to \$60,000 through June 2017, interest at 4.250% to 4.700%	<u>400,000</u>
	<u>\$966,000</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>
2010	\$3,076,263	\$2,350,000	\$426,731	\$255,000	\$44,532
2011	1,914,443	1,200,000	426,731	255,000	32,712
2012	1,768,123	1,200,000	321,231	226,000	20,892
2013	1,540,681	1,200,000	270,231	60,000	10,450
2014	1,487,041	1,200,000	219,231	60,000	7,810
2015-2016	<u>2,854,654</u>	<u>2,405,000</u>	<u>332,194</u>	<u>110,000</u>	<u>7,460</u>
	<u>\$12,641,205</u>	<u>\$9,555,000</u>	<u>\$1,996,349</u>	<u>\$966,000</u>	<u>\$123,856</u>

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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, 2009 the Borough had authorized but not issued debt as follows:

General Capital Fund	\$10,642,769
Water Utility Capital Fund	1,854,351

NOTE 4. CAPITAL LEASES PAYABLE

The Borough is leasing the Recreation Center Project under capital leases. The capital lease is a term of thirty years. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at December 31, 2009.

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2010	\$803,863	\$275,000	\$528,863
2011	805,613	285,000	520,613
2012	807,063	295,000	512,063
2013	807,475	305,000	502,475
2014	807,181	315,000	492,181
2015-2019	4,026,595	1,755,000	2,271,595
2020-2024	4,023,375	2,150,000	1,873,375
2025-2029	4,022,500	2,730,000	1,292,500
2030-2034	<u>4,019,000</u>	<u>3,480,000</u>	<u>539,000</u>
	<u>\$20,122,665</u>	<u>\$11,590,000</u>	<u>\$8,532,665</u>

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 5. OPERATING LEASES

The Borough has commitments to lease a generator, utility trucks, plows, mini bus, tactical raid vests, police car graphics, police cars, light bars and trunk box weapon lockers, a pulverizer and two heavy duty mowers, various departmental vehicles, and other equipment under operating leases that expire in 2015. Total operating lease payments made during the year ended December 31, 2009 were \$162,629. Future minimum lease payments are as follows:

<u>Year ending December 30,</u>	<u>Amount</u>
2010	\$205,604
2011	205,604
2012	205,604
2013	205,604
2014	205,604
2015	<u>93,373</u>
Total minimum lease payments	1,121,393
Less: Accumulated interest	<u>117,898</u>
Present value of minimum lease payments	<u>\$1,003,495</u>

NOTE 6. 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, 2009, the Borough had \$13,416,301 in General Capital and \$2,248,699 in Water Capital bond anticipation notes outstanding at a rate of 2.0% due on December 16, 2010.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 6. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2009.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Commerce Capital Markets, Inc.	\$14,034,000	\$	\$14,034,000	\$0
Jefferies & Company	<u> </u>	<u>15,665,000</u>	<u> </u>	<u>15,665,000</u>
Total Notes Payable	<u>\$14,034,000</u>	<u>\$15,665,000</u>	<u>\$14,034,000</u>	<u>\$15,665,000</u>

NOTE 7. FUND BALANCE APPROPRIATED

The fund balances at December 31, 2009 which have been appropriated as revenue in the 2010 budgets are as follows:

Current Fund	\$5,000,000
Water Utility Operating Fund	-0-

NOTE 8. 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 would approximate \$1,645,621 as of December 31, 2009. This amount is 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-19. The reserve balance as of December 31, 2009 was the sum of \$1,062,922.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 9. 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, 2009, \$-0- of the Borough's bank balance of \$18,451,981 was 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.

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 16, 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, 2009 and 2008 amounted to \$484,401 and \$342,562, respectively.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 9. CASH, CASH EQUIVALENTS AND INVESTMENTS, (continued)

The following investments represent 5% or more of the total invested with VALIC on December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Fixed Account Plus	\$37,809	\$27,658
Health Sciences Fund	23,023	
Mid Cap Value Fund	33,162	22,231
Money Market I Fund	108,751	79,718
Vanguard Lifestrategy - Growth	91,669	64,723
Vanguard Lifestrategy Modera	25,049	18,809
All Others	<u>164,937</u>	<u>129,423</u>
Total	<u>\$484,400</u>	<u>\$342,562</u>

NOTE 10. 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.

NOTE 11. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2009.

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Land	\$11,169,750	\$	\$	\$11,169,750
Buildings and Building Improvement	41,230,799			41,230,799
Machinery and Equipment	<u>12,302,661</u>	<u>519,336</u>	<u>216,213</u>	<u>12,605,784</u>
	<u>\$64,703,210</u>	<u>\$519,336</u>	<u>\$216,213</u>	<u>\$65,006,333</u>

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 12. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2009 consist of the following:

\$70,328	Due to the Current Fund from the Federal and State Grant Fund for interest earned on investments.
11,896	Due to the Current Fund from the Animal Trust Fund for interest earned on investments and statutory excess.
53,988	Due to the Current Fund from the Other Trust Fund for interest earned on investments and reimbursement for expenditures paid.
186	Due to the Current Fund from the Cafeteria Plan Trust Fund for interest earned on investments.
45,000	Due to the Unemployment Compensation Insurance Fund from the Current Fund for current year budget appropriations.
25,626	Due to the Water Utility Operating Fund from the Current Fund for reimbursement for expenditures paid.
1,085	Due to the Payroll Account from the Current Fund to eliminate deficit.
77,882	Due to the Current Fund from the Claims Fund for interest earned on investments.
162,151	Due to the Water Utility Capital Fund from the Water Utility Operating Fund for current year budget appropriation less advances.
3,551	Due to Unemployment Compensation Insurance Fund from the Payroll Fund for employee share of contributions.
<u>4,690</u>	Due to the Water Utility Operating Fund from the Capital Fund for reimbursement for expenditures paid.
<u>\$456,383</u>	

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

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 13. DEFERRED CHARGES

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2009 the following deferred charges are shown on the balance sheet of the various funds:

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>2010 Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Year's Budget</u>
Water Utility Fund:			
Deficit in Operations	\$253,269	\$253,269	\$ -0-
Other Funds:			
Deficit in Payroll Fund	<u>1,001</u>	<u>1,001</u>	<u> </u>
	<u>\$254,270</u>	<u>\$254,270</u>	<u>\$ -0-</u>

NOTE 14. RISK MANAGEMENT

The Borough maintains self-insurance programs for general liability and workers' compensation 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 Insurance Fund will pay further benefits to the extent of \$9,900,000.

Processing of workers' compensation claims are administered by Sedgwick of New Jersey, Inc.

General Liability:

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

Processing of general liability claims are administered by Sedgwick of New Jersey, Inc.

Claims were tested only to the extent of amounts 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, 2009.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 14. RISK MANAGEMENT, (continued)

An unaudited summary of the general liability and workers' compensation fund held by the insurance agent is detailed as follows:

	Workers' Compensation <u>Trust Fund</u>	Self-Insurance <u>Trust Fund</u>
Balance - December 31, 2008	(\$1,394)	\$213,222
Receipts	<u>650,266</u>	<u>433,855</u>
	648,872	647,077
Disbursements	<u>412,620</u>	<u>517,543</u>
Balance - December 31, 2009	<u>\$236,252</u>	<u>\$129,534</u>

NOTE 15. TAXES COLLECTED IN ADVANCE

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

	Balance <u>Dec 31, 2009</u>	Balance <u>Dec 31, 2008</u>
Prepaid Taxes	<u>\$508,485</u>	<u>\$414,290</u>
Cash Liability for Taxes Collected in Advance	<u>\$508,485</u>	<u>\$414,290</u>

NOTE 16 EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP) (UNAUDITED)

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

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2009 and 2008
(continued)

NOTE 16. EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN (LOSAP) (UNAUDITED), (continued)

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

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

We have reviewed the plan for the year ended December 31, 2009 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

SUPPLEMENTARY DATA

BOROUGH OF FAIR LAWN, N.J.

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2009 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>
2009	\$	73,260
2008		73,260
2007		73,260

Comparative Schedule of Fund Balance

	<u>Year</u>		<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2009	\$	6,920,899	5,000,000
	2008		9,250,265	5,014,214
	2007		9,952,337	5,469,420
	2006		7,560,961	3,400,500
	2005		5,079,205	2,814,500
Water Utility Operating Fund	2009		187,543	
	2008		187,543	
	2007		187,543	
	2006		187,543	
	2005		387,543	200,000

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>Amount of bond</u>	<u>Type of bond</u>
Joseph Tedeschi	Mayor		
Steven Weinstein	Deputy Mayor		
Lisa Swain	Councilmember		
Jean Baratta	Councilmember		
Edward Trawinski	Councilmember		
Barry Eccleston	Finance Officer (1/1/09 - 10/4/09)	35,000	(A)
Karen Palermo	Finance Officer (10/5/09 - 12/31/09)	35,000	(A)
Joanne M. Kwasniewski	Borough Clerk/Acting Borough Manager	100,000	(A)
Alice Lee	Tax Collector	600,000	(A)
David Lafferty	Magistrate	40,000	(A)
Claire Cabibbo	Court Administrator	40,000	(A)
Bruce Rosenberg	Borough Attorney		
Kenneth R. Garrison	Borough Engineer		
Dennis Kolano	Construction Code Official		
Patricia Ennis	Registrar of Vital Statistics		
Erik Rose	Chief of Police		
Carol Wagner	Health Officer		
Jimmy Graff	Superintendent of Recreation		
Timothy H. Murphy	Director of Free Public Library		

(A) All surety bonds were issued by the Selective Insurance Company of America for one year terms.

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 \$500 deductible. Coverage also includes \$50,000 for theft, disappearance, etc. of money with a \$500 deductible.

BOROUGH OF FAIR LAWN

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2009

Name of State Agency or Department	State Program / Account No.	Total Grant Award	Grant Year	Balance Dec., 31 2007	Revenue Realized	Grant Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec., 31 2008	MEMO Cumulative Total Expenditures
Department of Transportation	Improvement to Plaza Road - Section III - Ord. 1641/1700	350,000	1996/97	13,215				13,215	308,029
	Improvement to River Road District - Ord. 1735	500,000	1998	2,970				2,970	466,115
	Installation of School Warning Flashers at Lyndrest School - Ord. 1736	20,000	1998	4,144				4,144	7,714
	Improvement of Radburn Pathways - Ord. 1767	95,000	1999	770				770	94,197
	Columbia Terrace Bike Path - Ord. 1779	60,000	2000	2,147				2,147	49,569
	Pollitt Drive Extension & McBride Avenue - Ord. 1917	90,000	2002	(8)				(8)	90,000
	Improvements to Streets 20th, Fairclough, Kipp, and Romaine St. Ord. 1950	45,000	2003	(13,979)				(13,979)	45,000
	Improvements to 17th Street - Ord. 1986	50,000	2004	(20,000)				(20,000)	50,000
	Improvements to Various Streets - Ord. 1970	50,000	2004	(7,959)				(7,959)	7,959
	Improvements to River Road - Ord. 2082	25,000	2007	(1)				(1)	23,337
Plaza Road Improvements - Ord. 2130	140,000	2008	(140,000)		140,000			140,000	
Improvement to Pellack Drive - Ord. 2162	100,000	2009			100,000			100,000	
County of Bergen	Municipal Alliance on Alcoholism and Drug Abuse	21,875	2007	(6,018)	6,017				21,875
		17,500	2008	(4,993)	3,439	5,157	1	(6,711)	10,150
		16,765	2009			15,495		(15,495)	15,495
Department of Health and Senior Services	Public Health Priority Funding	15,700	2006	(2,456)				(2,456)	15,700
		16,052	2007	11,689				11,689	4,363
		17,554	2008	1,558		(255)	10	1,823	15,741
	17,152	2009			14,074		3,078	14,074	
	Pandemic Influenza Preparedness	11,014	2008	60				60	10,954

BOROUGH OF FAIR LAWN
Schedule of Expenditures of State Awards
For the Year Ended December 31, 2009

Name of State Agency or Department	State Program	State Program / Account No.	Total Grant Award	Grant Year	Balance Dec., 31 2007	Revenue Realized	Grant Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec., 31 2008	MEMO Cumulative Total Expenditures	
Department of Environmental Protection and Energy	Clean Communities Act	4900-765-178910-60	35,867	2008	4,285		501		3,784	35,866	
		4900-765-178910-60	36,025	2009		36,025	33,524		2,501	33,524	
		4900-765-178910-60	9,936	2009		9,936			9,936		
	Green Communities Grant	4900-752-178810-60	2,000	2002	(330)				(330)	2,000	
			2,000	2004	2,000				2,000		
	Recycling Tonnage Grant	4900-752-178810-60	91,496	2009		91,496			91,496		
	Statewide Livable Communities Grant Ord. 1951	4875-100042-4875-353-VVVV-6020	252,500	2003							178,600
		527-042-4840-030-3620	1,000,000	2007	21,400				21,400		
	Department of Law and Public Safety	Alcohol Education and Rehabilitation		970	PY	970				970	
				2,576	2006	2,576				2,576	
			1,253	2009			1,253			1,253	
Green Acres - Open Space			450,000	2008							
New Jersey Highway Safety Project Grant Over the Limit Under Arrest			5,000	2006	5,000						5,000
			5,000	2007	5,000				(5,000)		2,000
			4,540	2009			4,540	4,540			4,540
			5,000	2009			5,000	5,000			5,000
			6,000	2009			6,000	6,000			6,000
Cell Phone Crackdown:		4,000	2009		4,000	4,000			4,000		
Click it or Ticket		4,000	2007	1,147			1,147			4,000	
		4,000	2009			4,000	4,000			4,000	
Speed/Aggressive Driving Enforcement Highway Safety Grant		7,500	2006	(3,500)					(3,500)	7,500	
		4,000	2005				10,000				
Criminal Justice Grant		11,327	2005								
		5,523	2006		3,547		3,547				

BOROUGH OF FAIR LAWN

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2009

Name of State Agency or Department	State Program	State Program / Account No.	Total Grant Award	Grant Year	Balance Dec. 31 2007	Revenue Realized	Grant Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec. 31 2008	MEMO Cumulative Total Expenditures
Department of Law and Public Safety, (cont.)	Traffic Enforcement Grant	CP00-08-01-09	8,400							
	Body Armor Replacement Program Grant	1020-718-066-1020-001-YCJS	73,930	2005	(3,979)		1,632		(5,611)	46,214
		1020-718-066-1020-001-YCJS	22,809	2006	22,809			(5,196)	17,613	
		1020-718-066-1020-001-YCJS	6,198	2007	6,198				6,198	
		1020-718-066-1020-001-YCJS	5,196	2009		5,196			5,196	
	State and Local All Hazards Emergency Operation Planning (SLA HEOP) OLP	1200-100-066-1200-845	2,406	2004	2,406			(2,406)		
			1,550	2006	1,550			(1,550)		
	Drunk Driving Enforcement Fund	4230-100-046-4750-241	8,289	2006	3,429		1,506		1,923	6,366
		4230-100-046-4750-241	19,920	2007	11,386				11,386	
		4230-100-046-4750-241	9,845	2008	9,845	4,156			14,001	
		4230-100-046-4750-241	13,498	2009		13,498			9,068	13,498
		4230-100-046-4750-241	9,068	2009		9,068				
	Statewide Local Domestic Preparedness Program	1020-100-066-1020-354	100,000	2003	(4,197)				(4,197)	100,000
			20,000	2005	(14,684)				(14,684)	14,684
			10,000	2006	10,000		10,000			10,000
	Emergency Management Assistance Fund			PY	181				181	
			5,000	2007	5,000		5,000			5,000
			5,000	2008	5,000				5,000	
			5,000	2009						
	Emergency Preparedness		2,500	2009		2,499	2,499			2,499
	Underage Drinking		4,978	2009		4,977	4,977			4,977
			1,177	2009		1,177			1,177	
	GDL Education		2,000	2009		2,000	2,000			2,000
	You Drink and Drive, You Lose Grant		9,000	2006						
	Edward Byrne - JAG		20,916	2009		20,916	20,916			20,916
	HINI Grant		147,022	2009			1,397		(1,397)	1,397

BOROUGH OF FAIR LAWN

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2009

Name of State Agency or Department	State Program / Account No.	Total Grant Award	Grant Year	Balance Dec., 31 2007	Revenue Realized	Grant Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec., 31 2008	MEMO Cumulative Total Expenditures
Department of the Treasury State Contingency Fund	Special Purpose Grant Rehab Fire Department Facilities	20,000	2006	3,711		3,711			20,000
Department of Community Affairs	Statewide Livable Communities Grant: Library Improvements - Ord. 2021 Barrier Free Imps. to Firehouse no. 2 - Ord. 2038	23,000 95,000	2006 2007	(22,959) 4,500				(22,959)	22,959 25,000
	Domestic Violence Training Program 100-006-1020-246-FY06 100-006-1020-246-FY07	3,500 7,060	2006 2007	(3,500) 4,500			(5,786)	(3,500) (1,286)	3,500 1,955
	Smart Future Growth Grant	7,000	2009						
	Recreation for Individuals with Disabilities Grant	7,300	2003	6,860				6,860	440
	Total State			(73,210)	402,345	273,866	(24,927)	30,342	2,083,707
County of Bergen	Municipal Recycling Assistance Program	21,859	2007	605				605	
	Open Space Preservation Trust Fund Ord. 1988	100,000	2004	(3,530)				(3,530)	35,308
	Dobrov Field - Ord. 2127	300,000	2008		300,000	300,000			300,000
	Installation of Athletic Field and Pool Fencing - Ord. 2156	56,500	2009		25,000	25,000			25,000
	Police Grant	29,296	2008	18,100			(18,100)		11,196
	Dunk Driving	28,228	2009		23,566	7,917		15,649	7,917
	Bergen County Arts Grant Program	1,295	2004	323				323	972
	Total County			15,498	348,566	332,917	(18,100)	13,047	389,393
	Total State and County			\$ (57,712)	750,911	606,783	(43,027)	43,389	2,464,100

Note: This schedule was not subject to an audit in accordance with NCOMB 04-04

BOROUGH OF FAIR LAWN, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2009

	Current Fund	Federal and State Grant Fund
Balance - December 31, 2008	\$ 14,380,580	264,371
Increased by Receipts:		
Taxes Receivable	109,157,592	
Miscellaneous Revenue Not Anticipated	435,280	
Tax Overpayments	358,795	
Prepaid Revenue	43,069	
Change Funds	90,000	
Petty Cash	1,000	
Due from State - Senior Citizen and Veteran Deductions	443,953	
Construction Code Training Fees	34,174	
Revenue Accounts Receivable	7,551,447	
Interfunds	3,830,228	150,555
Prepaid Taxes	508,485	
Library	123,995	
Grants Receivable		152,530
Unappropriated Grants		95,652
Various Reserves	977,921	
	<u>123,555,939</u>	<u>398,737</u>
	137,936,519	663,108
Decreased by Disbursements:		
Current Year Budget Appropriations	38,025,365	
Change Funds	92,590	
Petty Cash	1,000	
Tax Overpayments	220,675	
Special District Taxes	263,200	
Interfunds	3,874,890	206,269
Construction Code Training Fees	32,408	
Appropriation Reserves	832,292	
Local District School Taxes	69,438,642	
County Taxes Payable	10,359,286	
Library	73,778	
Tax Refunds	168,060	
Grants		104,629
Various Reserves	1,272,295	
	<u>124,654,481</u>	<u>310,898</u>
Balance - December 31, 2009	<u>\$ 13,282,038</u>	<u>352,210</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$	9,405
Increased by:		
Receipts		<u>90,000</u>
		99,405
Decreased by:		
Disbursements		<u>92,590</u>
Balance - December 31, 2009	\$	<u><u>6,815</u></u>
<u>Analysis of Balance:</u>		
Tax Collector	\$	300
Treasurer - ATM		6,160
Municipal Court		200
Police Department		25
Building Inspector		25
Sanitation		25
Free Public Library		<u>80</u>
	\$	<u><u>6,815</u></u>

Exhibit A-6

Schedule of Cash - Petty Cash

Current Fund

Year Ended December 31, 2009

Increased by:		
Disbursed	\$	<u>1,000</u>
Decreased by:		
Returned to Treasurer	\$	<u><u>1,000</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, 2009

Balance - December 31, 2008		\$	(134,107)
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	113,750	
Veterans' Deductions Per Tax Billing		343,500	
Senior Citizen's and Veteran's Allowed - 2009		<u>7,000</u>	
			<u>464,250</u>
			330,143
Decreased by:			
State Share of Senior Citizens and Veteran			
Deductions Received in Cash		443,953	
Senior Citizen's and Veteran's Disallowed - 2009		13,836	
Senior Citizen's and Veteran's Disallowed - 2008		<u>24,042</u>	
			<u>481,831</u>
Balance - December 31, 2009		\$	<u><u>(151,688)</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Amount Due (to)/from Current Fund

Federal and State Grant Fund

Year Ended December 31, 2009

Balance - December 31, 2008		\$	(2,518)
Increased by:			
Grant Match	\$	8,250	
Cash Disbursements		<u>206,269</u>	
			<u>214,519</u>
			212,001
Decreased by:			
Cash Receipts		147,103	
Budget Appropriation		140,811	
Interest on Investments		<u>3,452</u>	
			<u>291,366</u>
Balance - December 31, 2009		\$	<u><u>(79,365)</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2009

Year	Balance, Dec. 31, 2008	Levy	Added Taxes	Collected 2009	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2009
2004	99			99				
2005	9,668			9,668				
2006	13,791			13,791				
2007	19,412			19,412				
2008	942,226			963,093	(22,417)	1,550		
	985,196			1,006,063	(22,417)	1,550		
2009		110,091,201		414,290	450,414	1,992	84,047	988,929
	\$ 985,196	110,091,201		414,290	427,997	3,542	84,047	988,929

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 109,380,520
Special District Taxes	263,612
Added Tax (R.S. 54:4-6.1 et seq.)	439,107
Omitted Tax (R.S. 54:4-63.12 et seq.)	7,962
	<u>\$ 110,091,201</u>
Tax Levy:	
Local District School Tax	\$ 69,461,810
County Tax	9,788,815
County Open Space Preservation	539,206
County Added and Omitted Taxes	20,710
	<u>10,348,731</u>
Municipal Open Space	255,072
Special District Taxes	263,612
	<u>80,329,225</u>
Local Tax for Municipal Purposes	29,561,641
Additional Taxes	200,335
	<u>29,761,976</u>
	<u>\$ 110,091,201</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$ 15,896
Increased by:	
Transfers from Taxes Receivable	<u>3,542</u>
Balance - December 31, 2009	<u>\$ 19,438</u>

Schedule of Other Liens Receivable

Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008	<u>\$ 275</u>
Balance - December 31, 2009	<u>\$ 275</u>

Analysis of Balance

<u>Account</u>	<u>Block</u>	<u>Lot</u>	
79790	5412	26	\$ 90
04464	5829	30A-33A	<u>185</u>
			<u>\$ 275</u>

BOROUGH OF FAIR LAWN, N.J.

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

Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$ <u>73,260</u>
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Balance - December 31, 2009	\$ <u><u>73,260</u></u>
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BOROUGH OF FAIR LAWN, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2009

	Balance <u>Dec. 31, 2008</u>	<u>Accrued</u>	<u>Collected</u>	Balance <u>Dec. 31, 2009</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	41,303	41,303	
Other		48,009	48,009	
Fees and Permits		245,602	245,602	
Municipal Court :				
Fines and Costs	41,205	489,398	502,426	28,177
Treasurer:				
Cablevision Franchise Fees	282,011	290,293	282,011	290,293
Verizon Franchise Fees		66,495		66,495
Interest and Costs on Taxes		201,947	201,947	
Tax and Assessment Searches		10	10	
Memorial Pool		232,288	232,288	
Sewer User Charges	98	29,823	29,921	
Reserve for Pension Costs		79,874	79,874	
Capital Surplus		1,357,926	1,357,926	
Consolidated Municipal Property Tax				
Relief Aid		788,595	788,595	
Energy Receipts Tax		3,755,807	3,755,807	
Supplemental Energy Receipts Tax		162,742	162,742	
Uniform Construction Code Fees		595,207	595,207	
Uniform Fire Safety Act - Local		214,125	214,125	
Hotel Tax		105,385	105,385	
Interest on Investments and Deposits	299	306,627	306,926	
	\$ <u>323,613</u>	<u>9,011,456</u>	<u>8,950,104</u>	<u>384,965</u>

Prepaid Revenues	\$ 40,731
Capital Surplus	1,357,926
Cash	<u>7,551,447</u>
	<u>\$ 8,950,104</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2009

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2009</u>
Federal and State Grant Fund	\$ 2,518	291,366	214,519	79,365
Animal Control Trust Fund	11,704	192		11,896
Other Trust Fund	2,726	456,381	405,119	53,988
Self-Insurance Trust Funds:				
Worker's Compensation	8,258	970,137	978,395	
Self Insurance - Liability		835,089	835,089	
Unemployment Trust Fund			45,000	(45,000)
Cafeteria Plan Trust Fund		186		186
General Capital Fund	3,817	16,152,569	16,156,386	
Water Utility Operating Fund		224,551	198,925	25,626
Water Utility Capital Fund		2,248,699	2,248,699	
Payroll Fund	1,251	5,409	7,745	(1,085)
Claims Fund	1,086	87,882	11,086	77,882
	<u>\$ 31,360</u>	<u>21,272,461</u>	<u>21,100,963</u>	<u>202,858</u>
Due to Current Fund	31,360	21,267,052	21,049,469	248,943
Due from Current Fund		5,409	51,494	(46,085)
	<u>\$ 31,360</u>	<u>21,272,461</u>	<u>21,100,963</u>	<u>202,858</u>

Cash Receipts	\$	3,830,228
Cash Disbursements	3,874,890	
Reimbursement for expenditures paid		102,520
Capital Improvement Fund		277,000
Budget Revenue	1,357,926	
BAN Proceeds	15,922,220	15,922,220
Budget Appropriations		968,995
Interest on Investments	117,425	
	<u>\$ 21,272,461</u>	<u>21,100,963</u>

BOROUGH OF FAIR LAWN, N.J.

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

Current Fund

Year Ended December 31, 2009

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>1/5 of Net</u> <u>Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>Dec. 31,</u> <u>2008</u>	<u>Reduced</u> <u>in 2009</u>
9/14/2004	Tax Map	\$ 50,000	10,000	10,000	10,000
10/26/2004	Revaluation	694,500	138,900	138,900	138,900
		<u>744,500</u>	<u>148,900</u>	<u>148,900</u>	<u>148,900</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2009

	Balance, Dec. 31, <u>2008</u>	Balance after <u>Transfers and</u> <u>Encumbrances</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 6,388	388	265	123
Municipal Clerk	4,870	70		70
Financial Administration	3,518	518	441	77
Assessment of Taxes	797	97		97
Collection of Taxes	259	59		59
Engineering Services and Costs	2,602	2		2
Planning Board	720	20		20
Board of Adjustment	748	48		48
Police	48,593	28,593	11,855	16,738
Police Dispatch	4,337	1,137	1,134	3
Emergency Management	727	27	(25,000)	25,027
Uniform Fire Safety	10,345	4,045	3,954	91
Municipal Prosecutor	1,375	75		75
Municipal Court	2,871	471	400	71
Road Repairs and Maintenance	12,392	14,292	14,289	3
Shade Tree	9,338	9,338	3,893	5,445
Electrical Services	3,032	832	747	85
Public Buildings and Grounds	7,068	2,768	2,751	17
Maintenance of Garage	6,957	4,157	4,129	28
Administration of Public Works	585	85		85
Sewer System	10,307	7,307	7,286	21
Recycling Program	18,630	6,430	6,379	51
Health Department	6,085	4,885	4,843	42
Administration of Public Assistance	3,885	1,585	1,525	60
Recreation	18,262	13,562	13,500	62
Parks and Playgrounds	6,613	6,713	6,664	49
Terminal Leave	90	239,390	239,300	90
Construction Code Official	9,522	4,822	4,727	95
Total Salaries and Wages Within "CAPS"	<u>200,916</u>	<u>351,716</u>	<u>303,082</u>	<u>48,634</u>
Other Expenses Within "CAPS":				
Administrative and Executive	1,818	11,625	4,428	7,197
Human Resources	5,500	26,312	19,912	6,400
Mayor and Council	108,294	176,532	32,315	144,217
Municipal Clerk	3,046	39,117	34,140	4,977

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2009

	Balance, Dec. 31, <u>2008</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Financial Administration:				
Other Expenses	4,568	2,998	891	2,107
Audit Services	3,050	3,050		3,050
Assessment of Taxes:				
Other Expenses	600	37,438	36,152	1,286
Collection of Taxes	2,056	4,808	2,291	2,517
Legal Services and Costs	8,781	25,106	1,511	23,595
Engineering Services and Costs	9,675	6,740	3,975	2,765
Planning Board	11,496	25,255	5,971	19,284
Board of Adjustment	8,419	30,400	21,936	8,464
Insurance:				
Group Insurance Plan for Employee's:				
Hospital Service Insurance	8,047	1,047		1,047
Other Insurance Premiums	6,432	6,432	1,465	4,967
Police:				
Other Expenses	33,624	77,120	56,620	20,500
Acquisition of Police Cars	390	77,640	77,242	398
Emergency Management Services	2,314	10,409	3,530	6,879
Fire Protection	4,400	22,847	15,460	7,387
Ambulance	2,605	7,658	3,917	3,741
Uniform Fire Safety Act	1,486	8,447	5,737	2,710
Municipal Court	115	4,460	3,218	1,242
Road Repairs and Maintenance	7,077	11,762	4,469	7,293
Shade Tree	3,567	54,469	40,757	13,712
Electrical Services	3,139	5,798	2,106	3,692
Public Buildings and Grounds	4,178	21,385	16,317	5,068
Maintenance of Garage	22,689	40,997	35,268	5,729
Community Services Act	12,130	12,130		12,130
Administration of Public Works	87	87	55	32
Sewer System	6,601	21,490	13,862	7,628
Recycling Program	2,576	10,741	6,824	3,917
Health Department	48,546	13,483	12,220	1,263
Administration of Public Assistance	71	13,935	11,877	2,058
Recreation	8,986	15,270	5,075	10,195
Parks and Playgrounds	3,647	11,242	5,760	5,482
Celebration of Public Events:				
Other Expenses	3,872	10,166	6,081	4,085
Cadmus House Historical Site	2,543	2,543	1,365	1,178

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2009

	Balance, Dec. 31, 2008	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Postage-Other Expenses	3,393	3,668	262	3,406
Electricity	16,453	54,652	38,143	16,509
Street Lighting	5,524	62,125	56,980	5,145
Telephone	2,959	19,921	13,894	6,027
Natural Gas	81	25,081	16,310	8,771
Fuel Oil	6,099	10,537	4,260	6,277
Gasoline	36,579	62,509	28,958	33,551
Garbage and Trash-Contractual	800	800		800
Garbage and Trash-Other Expenses	32,777	186,195	137,745	48,450
Construction Code Official	2,338	7,363	2,304	5,059
Contingent	1,735	1,735		1,735
Total Other expenses Within "CAPS"	<u>465,163</u>	<u>1,285,525</u>	<u>791,603</u>	<u>493,922</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security System (O.A.S.I.)	20,359	20,359		20,359
Consolidated Police and Firemen's Pension	51	51		51
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>20,410</u>	<u>20,410</u>		<u>20,410</u>
Other Expenses Excluded From "CAPS":				
Passaic Valley Sewer Commission				
Share of Costs	75	75		75
Maintenance of Free Public Library	755	4,308	2,717	1,591
LOSAP	894	894		894
Recycling Tax Appropriation	9,290			
Matching Funds for Grants	21,644	21,644		21,644
Total Other Expenses Excluded from "CAPS"	<u>32,658</u>	<u>26,921</u>	<u>2,717</u>	<u>24,204</u>
Total Reserves	<u>\$ 719,147</u>	<u>1,684,572</u>	<u>1,097,402</u>	<u>587,170</u>
Appropriation Reserves		719,147		
Encumbrances		<u>965,425</u>		
		<u>\$ 1,684,572</u>		
			Cash Disbursements 1,071,592	
			Transfer to Accounts Payable 25,810	
			<u>\$ 1,097,402</u>	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$ 965,425
Increased by:	
Transferred from Current Year Budget	<u>927,180</u>
	1,892,605
Decreased by:	
Transferred to Appropriation Reserves	<u>965,425</u>
Balance - December 31, 2009	<u><u>\$ 927,180</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$	25,306
Increased by:		
Transfer from Appropriation Reserves		<u>25,810</u>
Balance - December 31, 2009	\$	<u><u>51,116</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Other Expenditures

Current Fund

Year Ended December 31, 2009

	Recycling	Police - Outside Service	Elevator Surcharge	Terminal Leave	PERS Costs	Retiree's Insurance	Snow Plowing	Community Center	Open Space	Total
Balance - December 31, 2008	\$ 434,505	9,009	3,152	1,040,323	79,874	53,629	9,520	118,416	613,139	2,361,567
Increased by:										
Cash Receipts	397,402	187,735		239,300		73,402	6,900	57,410	255,072	977,921
Transferred from Appropriation Reserves				164,447						239,300
Transferred from Current Fund Budget				17,885						164,447
Transferred from Water Utility Budget										17,885
	<u>397,402</u>	<u>187,735</u>		<u>421,632</u>		<u>73,402</u>	<u>6,900</u>	<u>57,410</u>	<u>255,072</u>	<u>1,399,553</u>
	831,907	196,744	3,152	1,461,955	79,874	127,031	16,420	175,826	868,211	3,761,120
Decreased by:										
Cash Disbursements	<u>410,540</u>	<u>176,254</u>		<u>399,033</u>	<u>79,874</u>	<u>64,264</u>	<u>16,420</u>	<u>122,346</u>	<u>3,564</u>	<u>1,272,295</u>
Balance - December 31, 2009	\$ <u>421,367</u>	<u>20,490</u>	<u>3,152</u>	<u>1,062,922</u>		<u>62,767</u>		<u>53,480</u>	<u>864,647</u>	<u>2,488,825</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Library Expenditures

Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008		\$	58,956
Increased by:			
State Library Aid	\$	52,279	
Book Fines		<u>71,716</u>	
			<u>123,995</u>
			182,951
Decreased by:			
State Library Aid		32,082	
Expenditures		<u>73,778</u>	
			<u>105,860</u>
Balance - December 31, 2009		\$	<u><u>77,091</u></u>
 <u>Analysis of Balance</u>			
State Library Aid	\$	52,279	
Book Fines		<u>24,812</u>	
	\$		<u><u>77,091</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Amount Due to the
State of New Jersey

Current Fund

Year Ended December 31, 2009

	<u>Construction Training Fee</u>
Balance - December 31, 2008	\$ 5,422
Increased by:	
Collections	<u>34,174</u>
	39,596
Decreased by:	
Payments	<u>32,408</u>
Balance - December 31, 2009	<u>\$ 7,188</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008		\$	24,854
Increased by:			
Collections			<u>358,795</u>
			383,649
Decreased by:			
Refunds	\$	220,675	
Taxes Applied		<u>125,416</u>	
			<u>346,091</u>
Balance - December 31, 2009		\$	<u><u>37,558</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Local School District Tax Payable

Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$	521,277
Increased by:		
2009 Levy		<u>69,461,810</u>
		69,983,087
Decreased by:		
Payments		<u>69,438,642</u>
Balance - December 31, 2009	\$	<u><u>544,445</u></u>

Exhibit A-24

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$	31,265
Increased by:		
2009 Levy	\$	9,788,815
2009 Open Space		539,206
2009 Added Assessments		<u>20,710</u>
		<u>10,348,731</u>
		10,379,996
Decreased by:		
Payments		<u>10,359,286</u>
Balance - December 31, 2009	\$	<u><u>20,710</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Special Improvement District Taxes Payable

Current Fund

Year Ended December 31, 2009

Increased by:		
Tax Levy	\$	263,200
Added/Omitted Taxes		<u>412</u>
	\$	<u>263,612</u>
Decreased by:		
Payments		<u>263,200</u>
Balance - December 31, 2009	\$	<u><u>412</u></u>

Schedule of Prepaid Revenue

Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$	<u>40,731</u>
Increased by:		
Cash Receipts		<u>43,069</u>
		83,800
Decreased by:		
Applied to 2009 Revenue		<u>40,731</u>
Balance - December 31, 2009	\$	<u><u>43,069</u></u>

Analysis of Balance

		<u>Fees Collected</u>
Board of Health	\$	8,380
Police - Parking Permits		<u>34,689</u>
	\$	<u><u>43,069</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$	414,290
Increased by:		
Collections		<u>508,485</u>
		922,775
Decreased by:		
Applied to 2009 Taxes Receivable		<u>414,290</u>
Balance - December 31, 2009	\$	<u><u>508,485</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2009

<u>Grant</u>	Balance, Dec. 31, 2008	2009 Budget Revenue Realized	<u>Received</u>	Balance, Dec. 31, 2009
Municipal Alliance on Alcoholism and Drug Abuse - 2007	\$ 6,017		6,017	
Municipal Alliance on Alcoholism and Drug Abuse - 2008	17,500		3,439	14,061
Municipal Alliance on Alcoholism and Drug Abuse - 2009		16,765		16,765
Office of Environmental Services - 1997	330			330
Health Priority Funding	2,456			2,456
Public Health Priority Funding		17,152	17,152	
Green Acres Grant	450,000			450,000
Statewide Local Domestic Preparedness	4,197			4,197
Statewide Local Domestic Preparedness - 2005	20,000			20,000
Speed/Aggressive Driving Enforcement 2006	3,500			3,500
Body Armor	33,327			33,327
Body Armor Grant		5,196	5,196	
DCA - Domestic Violence Training Grant	3,500			3,500
DCA - Domestic Violence Training Grant 2007	5,786			5,786
Fair Lawn Carbon Grant	800,000			800,000
Drunk Driving Enforcement		9,845	9,845	
Clean Communities		36,025	36,025	
Criminal Justice Grant		3,547	3,547	
COPS in Shops		3,667	3,667	
Underage Drinking		4,977	4,977	
New Jersey Highway Safety		10,000	10,000	
Over the Limit		4,540	4,540	
Highway Safety Cell Phone Crackdown		4,000	4,000	
Emergency Management		5,000		5,000
Drunk Driving - Bergen County		28,228	23,566	4,662
COPS in Shops		3,323	3,323	
Drunk Driving Enforcement		13,498	13,498	
Clean Communities		9,936	9,936	
Emergency Preparedness		2,500	2,499	1
Smart Growth		7,000		7,000
Over the Limit Under Arrest		6,000	6,000	
Click It or Ticket		4,000	4,000	
Alcohol Education Rehabilitation		1,253	1,253	
GDL Education		2,000	2,000	
Under Age Drinking		1,177	1,177	
Drunk Driving Enforcement		9,068	9,068	
Edward Byrne - JAG		20,916	20,916	
H1-N1 Grant		147,022		147,022
Over the Limit Under Arrest		5,000	5,000	
	<u>\$ 1,346,613</u>	<u>381,635</u>	<u>210,641</u>	<u>1,517,607</u>
	Adopted Budget	148,942		
	Added by N.J.S.A. 40A:4-87	<u>232,693</u>		
		<u>\$ 381,635</u>		
		Cash	152,530	
		Unappropriated Grants	<u>58,111</u>	
			<u>\$ 210,641</u>	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2009

Grant	Balance, Dec. 31, 2008	Transfer To 2009 Budget	Received	Balance, Dec. 31, 2009
Drunk Driving Enforcement Fund - 2008	\$ 9,845	9,845	4,156	4,156
Recycling Tonnage Grant			91,496	91,496
State Police SLA HEOP	2,406	2,406		
Underage Drinking	3,800	3,800		
Highway Safety	5,000	5,000		
Highway Safety 2007	5,000	5,000		
Criminal Justice	3,547	3,547		
Bergen County Police Grant - 2008	18,100	18,100		
NJ OLP	1,550	1,550		
Cops in Shops	3,667	3,667		
Body Armor	5,196	5,196		
	<u>\$ 58,111</u>	<u>58,111</u>	<u>95,652</u>	<u>95,652</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2009

<u>Grant</u>	Balance, Dec. 31, 2008	Transfer From 2009 <u>Budget</u>	<u>Adjustment</u>	<u>Expended</u>	Balance, Dec. 31, 2009
Municipal Alliance on Alcohol and Drug Abuse - 2008	\$ 12,507			5,157	7,350
Municipal Alliance on Alcohol and Drug Abuse - 2009		16,765		15,495	1,270
Public Health Priority Funding - 2007	11,689				11,689
Public Health Priority Funding - 2008	1,558		10	(255)	1,823
Public Health Priority Funding - 2009		17,152		14,074	3,078
Clean Communities Grant - 2008	4,285			501	3,784
Clean Communities Grant - 2009		36,025		33,524	2,501
Body Armor Replacement Program-2005	29,348			1,632	27,716
Body Armor Replacement Program-2006	17,613				17,613
Body Armor Replacement Program-2007	6,198				6,198
Body Armor Replacement Program-2009		5,196			5,196
Click it or Ticket - 2007	1,147			1,147	
Emergency Management Assistance Funding - 2007	5,000			5,000	
Emergency Management Assistance Funding - 2008	5,000				5,000
Emergency Management Assistance Funding - 2009		5,000			5,000
Emergency Management Programing	181				181
Statewide Local Domestic Preparedness Program - 2005	5,316				5,316
Statewide Local Domestic Preparedness Program - 2006	10,000			10,000	
DCA - Domestic Violence Training Grant - 2007	4,500				4,500
Drunk Driving Enforcement Grant - 2006	3,429			1,506	1,923
Drunk Driving Enforcement Grant - 2007	11,386				11,386
Drunk Driving Enforcement Grant - 2008		9,845			9,845
Drunk Driving - Bergen County		28,228		7,917	20,311
Recreation for Individuals with Disabilities Grant	6,860				6,860
Pandemic Influenza Preparedness Grant 2008	60				60
Alcohol Education / Rehab Program	970				970
Alcohol Education / Rehab Program	884				884
Alcohol Education / Rehab Program 2007	1,692				1,692
Green Communities	2,000				2,000
Bergen County Cultural Arts - 2006	323				323
Special Purpose Grant - Rehab Fire Department Facilities	3,711			3,711	
Child Passenger Safety Education	122			122	
Fair Lawn Granular Activated Carbon Grant	821,400				821,400
Green Acres Program - Open Space	450,000				450,000
Municipal Recycling Assistance Program 2008	605				605
Criminal Justice Grant		3,547		3,547	
COPS in Shops		3,667		3,667	
Underage Drinking		4,977		4,977	
New Jersey Highway Safety		10,000		10,000	
Over the Limit		4,540		4,540	
Highway Safety - Cell Phone Crackdown		4,000		4,000	
COPS in Shops		3,323		3,323	
Drunk Driving Enforcement		13,498		13,498	
Clean Communities		9,936			9,936
Emergency Preparedness		2,500		2,499	1
Smart Growth		7,000			7,000
Over the Limit Under Arrest		6,000		6,000	
Click it or Ticket		4,000		4,000	
Alcohol Education Rehabilitation		1,253			1,253

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2009

<u>Grant</u>	Balance, Dec. 31, <u>2008</u>	Transfer From 2009 <u>Budget</u>	<u>Adjustment</u>	<u>Expended</u>	Balance, Dec. 31, <u>2009</u>
GDL Education		2,000		2,000	
Under Age Drinking		1,177			1,177
Drunk Driving Enforcement		9,068			9,068
Edward Byrne - JAG		20,916		20,916	
H1N1 Grant		147,022		1,397	145,625
Over the Limit Under Arrest		5,000		5,000	
	<u>\$ 1,417,784</u>	<u>381,635</u>	<u>10</u>	<u>188,895</u>	<u>1,610,534</u>
		Budget \$ 148,942			
		Appropriated by 40a:4-87 <u>232,693</u>			
		<u>\$ 381,635</u>			
			Cash Disbursed	104,629	
			Encumbrances	<u>84,266</u>	
				<u>188,895</u>	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2009

	Animal Trust Fund	Other Trust Fund	Unemployment Comp. Ins. Fund	Self-Insurance Trust Fund	Free Public Library Trust Fund	Cafeteria Plan Trust Fund	Emergency Service LOSAP Fund
Balance - December 31, 2008	\$ 39,071	646,590	111,747	220,086	112,709	7,973	342,562
Increase by Receipts:							
Reserve for Animal Trust Expenditures	18,787						
Interfunds	192	404,831		1,230,000		186	
Due to the State of New Jersey	3,786	4,215					
Other Trust Funds		741,847					
Worker's Compensation				11			
Self-Insurance Liability				36,425			
Library Donations and Receipts					3,837		
Cafeteria Plan Receipts						25,600	
Contributions			44,569				75,648
Net Gain on Benefit Contributions					777		70,739
Interest on Investments			447	17,685			
Total Receipts	22,765	1,150,893	45,016	1,284,121	4,614	25,786	146,387
	61,836	1,797,483	156,763	1,504,207	117,323	33,759	488,949
Decreased by Disbursements:							
Reserve for Animal Trust Expenditures	12,158						
Interfunds		400,000		905,484			
Due to the State of New Jersey	3,780	5,080	97,675				
Other Trust Funds		678,502					
Worker's Compensation				222,483			
Self-Insurance Liability				10,454			
Cafeteria Plan Expenditures						26,117	4,548
LOSAP Distributions							
Library Trust Expenditures					4,998		
Total Disbursements	15,938	1,083,582	97,675	1,138,421	4,998	26,117	4,548
Balance - December 31, 2009	45,898	713,901	59,088	365,786	112,325	7,642	484,401

BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges

Self Insurance Trust Funds

Year Ended December 31, 2009

	Balance <u>Dec. 31, 2008</u>	<u>Decreased</u>
Deficit in Operations-		
Workers' Compensation Insurance Expenditures	\$ <u>1,394</u>	<u>1,394</u>
	\$ <u><u>1,394</u></u>	\$ <u><u>1,394</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Prepaid Dog Licenses

Trust Funds

Year Ended December 31, 2009

Balance - December 31, 2008	\$	1,286
Increased by:		
Collections		<u>1,498</u>
		2,784
Decreased by:		
Applied to 2009 Licenses		<u>1,286</u>
Balance - December 31, 2009	\$	<u><u>1,498</u></u>

Schedule of Animal Trap Deposits

Trust Funds

Year Ended December 31, 2009

Balance - December 31, 2008	\$	5,912
Increased by:		
Collections		<u>250</u>
		6,162
Decreased by:		
Refunds		<u>234</u>
Balance - December 31, 2009	\$	<u><u>5,928</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Due to State of New Jersey

Trust Funds

Year Ended December 31, 2009

	Dog License Fees	Civil Union Fees	Marriage License Fees	Burial Permit Fees	Quarterly Unemployment Taxes Due
Balance - December 31, 2008	\$ 373		825	610	622
Increased by:					
Dog License Fees	3,786				
Civil Union Fees		25			
Marriage License Fees			3,100		
Burial Permit Fees				1,090	
Withholdings					102,225
	<u>3,786</u>	<u>25</u>	<u>3,100</u>	<u>1,090</u>	<u>102,225</u>
	4,159	25	3,925	1,700	102,847
Decreased by:					
Cash Disbursements	3,780		3,400	1,680	95,895
Balance - December 31, 2009	<u>\$ 379</u>	<u>25</u>	<u>525</u>	<u>20</u>	<u>6,952</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds Receivable/(Payable)

Trust Funds

Year Ended December 31, 2009

	Balance Dec. 31, 2008	Increased	Decreased	Balance Dec. 31, 2009
Animal Control Trust:				
Current Fund	\$ (11,704)		192	(11,896)
Other Trust Fund:				
Current Fund	(2,726)	405,119	456,381	(53,988)
Unemployment Compensation Insurance Trust Fund:				
Current Fund		45,000		45,000
Payroll Fund	3,551			3,551
	3,551	45,000		48,551
Self-Insurance Trust Fund:				
Current Fund	(8,258)	1,813,484	1,805,226	
Water Utility Fund		122,000	122,000	
	(8,258)	1,935,484	1,927,226	
Cafeteria Plan Trust Fund:				
Current Fund			186	(186)
	\$ (19,137)	2,385,603	2,383,985	(17,519)
			1,635,209	
		1,305,484		
		5,119	51,550	
			697,226	
		1,075,000		
		\$ 2,385,603	2,383,985	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Sundry Reserve and Deposits

Trust Funds

Year Ended December 31, 2009

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Parking Offenses Adjudication Act	\$ 19,972	1,964		21,936
Tax Title Lien Redemptions	73,400	511,968	424,068	161,300
Found Money	558			558
Insurance Proceeds-				
Damage to Borough Cars	2,047			2,047
State Nextel Purchase	4			4
Miscellaneous Reserves	4,845			4,845
	<u>\$ 100,826</u>	<u>513,932</u>	<u>424,068</u>	<u>190,690</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Escrow Reserve and Deposits

Trust Funds

Year Ended December 31, 2009

	<u>Balance</u> <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2009</u>
Street Opening Deposits	\$ 4,400	1,200	800	4,800
Performance Bond	1,000			1,000
Performance Bond 9/16/03	35,480			35,480
Performance Bond Paramus Auto Mall	98,130			98,130
Board of Education	1,250			1,250
Fisher Scientific	6,000			6,000
Fisher Scientific Deposit	6,575	667		7,242
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
Zoning Board Escrow	173,929	80,742	126,925	127,746
Planning Board Escrow	89,430	84,335	97,338	76,427
Council Escrow	24,500	16,000	33,355	7,145
	<u>\$ 471,495</u>	<u>182,944</u>	<u>258,418</u>	<u>396,021</u>
		Cash Receipts		
		182,944		
		Cash Disbursements	211,989	
		Due to Current Fund	46,429	
		<u>182,944</u>	<u>258,418</u>	
		Street Opening Deposits		4,800
		Performance Bonds		134,610
		Escrow Accounts		<u>256,611</u>
				<u>\$ 396,021</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Donation Reserve and Deposits

Trust Funds

Year Ended December 31, 2009

	Balance <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2009</u>
Human Services Donations	\$ 14,918	6,393	3,872	17,439
Tree Planting Donations	1,713			1,713
Economic Development Donations	2,141			2,141
Flower Pot Donations	976			976
Community Police Donations	7,657	5,500	6,728	6,429
Reserve Police Donations	2,093			2,093
Concert Donations	5,061	4,350		9,411
Fireworks Donations	908	22,109	21,684	1,333
Fire Victims Donations	1,375			1,375
Camp Donations	343			343
Civil War Event Donations	922			922
Fire Department Donations	6,933			6,933
Hepatitis Shot Donations	875	1,149		2,024
LEPC Account Donations	31			31
Senior Center Donations	100			100
Adopt a Bench Donations	2,909	2,700	2,584	3,025
Safety Program Donations	252			252
Police Explorers Donations	3,006	1,770	2,684	2,092
Collura Memorial Donations	2,890			2,890
Police Vests Donations	5,750			5,750
FI Vol Coalition Donations	6,005		4,895	1,110
Certification Donations	3,250	1,000		4,250
	<u>\$ 70,108</u>	<u>44,971</u>	<u>42,447</u>	<u>72,632</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2009

Balance - December 31, 2008		\$	19,331
Increased by:			
Dog License Fees:			
Collections	\$	15,944	
Prepays Applied		<u>1,286</u>	
			17,230
Cat License Fees			<u>1,700</u>
Miscellaneous Revenue:			
Impound Fees		2,325	
Late Fees - Dog		1,395	
Late Fees - Cat		35	
Animal Removal Fees		<u>125</u>	
			<u>3,880</u>
			<u>22,810</u>
			42,141
Decreased by:			
Expenditures Under R.S. 4:19-15.11		12,158	
Due to State of New Jersey		<u>3,786</u>	
			<u>15,944</u>
Balance - December 31, 2009		\$	<u><u>26,197</u></u>

Animal License Fees Collected

<u>Year</u>		
2007	\$	26,376
2008		<u>25,199</u>

Maximum Reserve \$ 51,575

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for State Unemployment
Insurance Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2009

Balance - December 31, 2008		\$	114,676
Increased by:			
Budget Appropriation	\$	45,000	
Payroll Deductions		44,569	
Interest on Investments		<u>447</u>	
			<u>90,016</u>
			204,692
Decreased by:			
Payment of Unemployment Compensation Claims	\$	<u>104,005</u>	
Balance - December 31, 2009		\$	<u><u>100,687</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Worker's
Compensation Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2009

Balance - December 31, 2008		\$	(1,394)
Increased by:			
Budget Appropriations	\$	578,606	
Water Operating Utility Budget Appropriation		61,000	
Reimbursements		11	
Deferred Charge to Future Taxation -			
Deficit in Operations - Workers' Compensation		1,394	
Interest on Investments		<u>9,255</u>	
			<u>650,266</u>
			648,872
Decreased by:			
Due to Current Fund		190,137	
Payment of Claims		<u>222,483</u>	
			<u>412,620</u>
Balance(Deficit) - December 31, 2009		\$	<u><u>236,252</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Self-
Insurance Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2009

Balance - December 31, 2008		\$	213,222
Increased by:			
Budget Appropriations	\$	328,000	
Water Operating Utility Budget Appropriation		61,000	
Insurance Reimbursements		36,425	
Interest on Investments		<u>8,430</u>	
			<u>433,855</u>
			647,077
Decreased by:			
Due to Current Fund		507,089	
Payment of Claims		<u>10,454</u>	
			<u>517,543</u>
Balance - December 31, 2009		\$	<u><u>129,534</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserves for Library Expenditures

Library Trust Fund

Year Ended December 31, 2009

Balance - December 31, 2008		\$	102,709
Increased by:			
Donations and Receipts	\$	3,837	
Interest		<u>777</u>	
			<u>4,614</u>
			107,323
Decreased by:			
Cash Disbursements		82,471	
Transfer to Restricted Reserves		<u>4,998</u>	
			<u>87,469</u>
Balance - December 31, 2009		\$	<u><u>19,854</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Restricted Reserves for Library Expenditures

Library Trust Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$	10,000
Increased by:		
Reallocation from Reserve for Library Expenditures		<u>82,471</u>
Balance - December 31, 2009	\$	<u><u>92,471</u></u>
 <u>Analysis of Balance</u>		
Eva Kaplan Trust Fund	\$	23,140
Shirley T. Rosen Trust Fund		54,550
Endowment Program - Pavers		<u>14,781</u>
	\$	<u><u>92,471</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Cafeteria Plan Expenditures

Year Ended December 31, 2009

Balance - December 31, 2008	\$	7,973
Increased by:		
Cash Receipts		<u>25,600</u>
		33,573
Decreased by:		
Cash Disbursements		<u>26,117</u>
Balance - December 31, 2009	\$	<u><u>7,456</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Service Award Contributions Receivable

Trust Funds

Year Ended December 31, 2009

Balance - December 31, 2008	\$ 65,518
Increased by:	
2009 Service Award Contributions	<u>72,709</u>
	138,227
Decreased by:	
Distributions	<u>65,518</u>
Balance - December 31, 2009	\$ <u><u>72,709</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Net Assets Available for Benefits

Trust Funds

Year Ended December 31, 2009

Balance - December 31, 2008		\$	408,080
Increased by:			
Contributions	\$	82,839	
Net Gain on Benefit Contributions		<u>70,739</u>	
			<u>153,578</u>
			561,658
Decreased by:			
Plan Service Charges		179	
Distributions		<u>4,369</u>	
			<u>4,548</u>
Balance - December 31, 2009		\$	<u><u>557,110</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2009

Balance - December 31, 2008		\$	2,883,077
Increased by Receipts:			
State Grants and County Grants	\$	465,000	
CDBG Grants		65,888	
Interfunds		3,399,212	
Interest on Investments		<u>11,900</u>	
			<u>3,942,000</u>
			6,825,077
Decreased by Disbursements:			
Improvement Authorizations		1,054,393	
Interfunds		2,205,845	
Encumbrances payable		<u>754,878</u>	
			<u>4,015,116</u>
Balance - December 31, 2009		\$	<u><u>2,809,961</u></u>

BOROUGH OF FAIR LAWN, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2009

Fund Balance	\$	1,531,307
State and County Grants Receivable		(390,848)
Community Development Block Grants Receivable		(194,699)
Encumbrances Payable		659,568
Reserve for Payment of Debt		26,139
Reserve for Public Works Employment Act of 1976		1,750
Reserve for Unappropriated State Grant		15,464
Capital Improvement Fund		64,076
Interfund Accounts Payable		4,690
Reserve for Grants Receivable		18,243

Improvement Authorizations:

<u>Ordinance</u>	<u>Improvement Description</u>	
<u>Number</u>		
1408/1514/		
1541/1637	Improvements to Columbia Park	1,671
1440	Heights Area Roadway Improv. (CDBG)	28,811
1453	Improvements to Berdan Avenue	18,696
1460	Improvements to Municipal Building	12,813
1548/1578	Improvements to Library	830
1562/1590/1601	Multiple Purpose - Barrier Free Imps (CDBG)	60,431
1565/1571	Improvements to Pollitt and Banta Place	253,904
1592	Improvements to Columbia Terrace Park	2,227
1641/1700	Imp. of Plaza Road, Section 3 & 4 (DOT)	41,791
1644	Road Resurfacing/Barrier-Free Curbs (CDBG)	6,325
1735	Improvements to River Road (DOT)	2,970
1736	Lyncrest Flashing Lights (DOT)	12,286
1767	Improvements to Radburn Pathways (DOT)	803
1794/1807	Various Improvements - Pool/Tennis Courts	(26,499)
1779	Columbia Terrace Bike Path (DOT)	10,431
1801	Acq. Telephone System, ATM, Improvements to Walsh Pool	(18,325)
1809	Multiple Purpose	189,031
1845	Multiple Purpose	154,204
1857	Multiple Purpose	14,980
1864	Multiple Purpose	2,421
1884	Multiple Purpose	62,769
1917	Pollitt Drive Improvements	852
1922	Multiple Purpose	34,016
1929	Multiple Purpose	48,908
1941	Multiple Purpose	(9,802)

BOROUGH OF FAIR LAWN, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2009

1951	Field Lighting	36,134
1953	Multiple Purpose	25,423
1965	Multiple Purpose	17,462
1970	Improvement to Streets	42,041
1971	Multi Purpose	3,000
1988	Multi Purpose	64,693
1992	Multi Purpose	(2,363)
2017	Multi Purpose	49,524
2021	Improvements to the Library	41
2030	Multi Purpose	133,956
2045	Senior Center Improvements	20,479
2046	Roadway Improvements	6,319
2053	Multi Purpose	(88,898)
2055	Berdan Grove Basketball Lighting	3,332
2074	Multi Purpose	(108,009)
2082	Improvement to River Road	1,663
2090	Acquisition of Computers and Network	25
2122	Multi Purpose	(84,539)
2155	Acquisition of Lands	149,500
2156	Installation of Athletic Field and Pool Fencing	31,500
2159	Various Public Improvements	<u>(133,556)</u>
		\$ <u><u>2,809,961</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of State & County Grants Receivable

General Capital Fund

Year Ended December 31, 2009

	Grant Amount	Year	Ordinance	Balance Dec. 31, 2008	2009 Grants Authorized	Received	Balance Dec. 31, 2009
<u>New Jersey Transportation Trust Fund:</u>							
Improvement of Plaza Road - Section 3	350,000	1996/97	1641/1700	\$ 28,395			28,395
Installation of School Warning Flashers at Lyndcrest School	20,000	1998	1736	6,296			6,296
Improvement of Radburn Pathways	95,000	1999	1767	33			33
Columbia Terrace Bike Path	60,000	2000	1779	8,284			8,284
Pollitt Extension and McBride Ave.	90,000	2002	1917	8			8
20th, Fairclough, Kipp, and Romaine St.	45,000	2003	1950	13,979			13,979
Improvements to 17th Street	50,000	2004	1986	20,000			20,000
Improvements to Various Streets	50,000	2004	1970	50,000			50,000
Improvements to River Road	25,000	2007	2082	1,664			1,664
Plaza Road Improvements	140,000	2008	2130	140,000		140,000	
Improvement to Pellack Drive	100,000	2009	2162		100,000		
							100,000
<u>New Jersey Department of Environment Protection:</u>							
Statewide Livable Communities Grant	252,500	2003	1951	36,134			36,134
<u>Bergen County Open Space Preservation Trust Fund:</u>							
Ball Field Improvements	50,000	2004	1988	50,000			50,000
Berdan Grove Park	50,000	2004	1988	18,223			18,223
Berdan Grove Basketball Lighting	17,500	2006	2055	3,332			3,332
Dobrow Field Renovations	300,000	2008	2127	300,000		300,000	
Installation of Athletic Field and Pool Fencing	56,500	2009	2156		56,500	25,000	31,500
<u>New Jersey Department of Community Affairs:</u>							
Statewide Livable Communities Grant:							
Improvements to Library	23,000	2005	2021	23,000			23,000
				\$ 699,348	156,500	465,000	399,848

BOROUGH OF FAIR LAWN, N.J.

Schedule of Community Development Block Grants Receivable

General Capital Fund

Year Ended December 31, 2009

	Grant Amount	Year	Ordinance	Balance		2009 Grants Authorized	Received	Cancelled	Balance Dec. 31, 2009
				Dec. 31, 2008					
Heights Area Roadway Improvement	95,000	1989	1440	\$	28,811				28,811
Various Road Improvements	69,100	1993	1542		8,267				8,267
Barrier-Free Municipal Buildings	98,000	1994	1562b		60,064				60,064
Barrier-Free Senior Center	60,000	1995	1601		375				375
Road Resurfacing and Barrier-Free									
Curb Cuts	80,000	1996	1644		6,325				6,325
	40,000	1999	Reserve		2,807				2,807
Improvements to Public Library	39,280	1997	1704a		13,409				13,409
Memorial Park Rink; Warren Pt. Playground	45,000	2001	1864		2,421				2,421
Multiple Purpose	125,000	2002	1900		17,422				17,422
Improvements to Senior Center	38,000	2004	1971		3,000				3,000
Senior Center Improvements	49,879	2006	2045		20,479				20,479
Roadway Improvements	108,000	2006	2046		6,319				6,319
Improvements to Senior Center	50,000	2008	2107		50,000		43,970	6,030	
Barrier Free Improvements	25,000	2008	2129		25,000		21,918	3,082	
Barrier Free Improvements	25,000	2009	2163			25,000			25,000
				\$	244,699	25,000	65,888	9,112	194,699

BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges to Future
Taxation - Funded

General Capital Fund

Year Ended December 31, 2009

Balance - December 31, 2008		\$ 23,765,000
Decreased by:		
Current year Budget Appropriations:		
Capital Lease Principal	\$ 270,000	
Serial Bond Principal	<u>2,350,000</u>	
		<u>2,620,000</u>
Balance - December 31, 2009		<u>\$ 21,145,000</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2009

Ordinance Number	Improvement Description	Balance	2009	Funded	Balance	Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
		Dec. 31, 2008	Authorizations		Dec. 31, 2009			
General Improvements:								
1794/1807	Various Improvements - Pool/Tennis Court	\$ 187,845		6,654	181,191	154,692	26,499	
1801	Acquisition of Telephone System, ATM and Improvements to Walsh Pool	18,325			18,325	1,278,261	18,325	119,000
1884	Multiple Purpose	1,458,131		60,870	1,397,261	361,905		70,850
1922	Multiple Purpose	451,802		19,047	432,755	1,384,615		214,995
1929	Multiple Purpose	1,657,303		57,693	1,599,610	1,855,387	9,802	1,045,198
1941	Multiple Purpose	2,982,693		72,306	2,910,387	276,322		80,000
1953	Multiple Purpose	368,161		11,839	356,322	1,094,549		375,000
1965	Multiple Purpose	1,509,696		40,147	1,469,549	1,077,407	2,363	288,637
1992	Multiple Purpose	1,374,334		25,927	1,348,407	586,060		300,000
2017	Multiple Purpose	892,024		5,964	886,060	660,833		76,000
2030	Multiple Purpose	766,000		29,167	736,833	1,666,270	88,898	1,161,302
2053	Multiple Purpose	2,940,000		23,730	2,916,270	1,520,000	108,009	971,991
2074	Multi Purpose	2,600,000			2,600,000	80,600		600
2090	Acquisition of Computers and Network	80,600			80,600	1,420,900	84,539	1,011,461
2122	Multi Purpose	2,516,000	2,990,000		2,516,000			2,990,000
2155	Acquisition of Lands		1,619,500		1,619,500		133,556	1,485,944
2159	Various Public Improvements						471,991	10,170,778
		\$ 19,802,914	4,609,500	353,344	24,059,070	13,416,301		10,542,861

Improvement Authorizations - Unfunded	
Less: Unexpended proceeds of Bond Anticipation Notes	10,542,861
Ordinance:	
1884	62,769
1922	34,016
1929	48,908
1953	25,423
1965	17,462
2017	49,524
2030	133,956
2090	25
	372,083

\$ 10,170,778

BOROUGH OF FAIR LAWN, N.J.
Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2009

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2009		Interest Rate	Balance Dec. 31, 2008	Decreased	Balance Dec. 31, 2009
			Date	Amount				
Multi-Purpose	Aug. 1, 1997	13,300,000	8/1/10	1,250,000	4.70%	2,500,000	1,250,000	1,250,000
Multi-Purpose	Dec. 1, 2001	15,255,000	12/01/10	1,100,000	4.250%	9,405,000	1,100,000	8,305,000
			12/1/11-12	1,200,000				
			12/1/13-14	1,200,000				
			12/01/15	1,200,000				
			12/01/16	1,205,000	4.625%			
						\$ 11,905,000	2,350,000	9,555,000

BOROUGH OF FAIR LAWN, N.J.

Schedule of Capital Leases Payable

General Capital Fund

Year Ended December 31, 2009

Purpose	Date of Issue	Original Issue	Maturities of		Interest Rate	Balance Dec. 31, 2008	Decreased	Balance Dec. 31, 2009
			Bonds Outstanding, December 31, 2009	Amount				
Recreation Center	Nov. 15, 2004	12,860,000	09/15/10	275,000	3.000%	11,860,000	270,000	11,590,000
			09/15/11	285,000	3.000%			
			09/15/12	295,000	3.250%			
			09/15/13	305,000	3.375%			
			09/15/14	315,000	3.500%			
			09/15/15	325,000	3.625%			
			09/15/16	335,000	4.250%			
			09/15/17	350,000	4.250%			
			09/15/18	365,000	4.000%			
			09/15/19	380,000	4.000%			
			09/15/20	395,000	4.000%			
			09/15/21	410,000	4.125%			
			09/15/22	425,000	5.000%			
			09/15/23	450,000	5.000%			
		09/15/24	470,000	5.000%				
		09/15/25	495,000	5.000%				
		09/15/26	520,000	5.000%				
		09/15/27	545,000	5.000%				
		09/15/28	570,000	5.000%				
		09/15/29	600,000	5.000%				
		09/15/30	630,000	5.000%				
		09/15/31	660,000	5.000%				
		09/15/32	695,000	5.000%				
		09/15/33	730,000	5.000%				
		09/15/34	765,000	5.000%				
						\$ 11,860,000	270,000	11,590,000

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Encumbrances Payable

General Capital Fund

Year Ended December 31, 2009

Balance - December 31, 2008		\$	764,001
Increased by:			
Charged to Improvement Authorizations			<u>659,568</u>
			1,423,569
Decreased by:			
Payments	\$	754,878	
Cancelled		<u>9,123</u>	
			<u>764,001</u>
Balance - December 31, 2009		\$	<u><u>659,568</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year ended December 31, 2009

Ord. No.	Ord. Description	Date of issue of original notes	Date of issue	Date of Maturity	Interest rate	Balance Dec.31 2008	Increased	Decreased	Balance, Dec.31, 2009
1794	Multi Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	\$ 143,346	136,692	143,346	136,692
1794	Multi Purpose	Dec. 19, 2007	Dec. 16, 2009	Dec. 16, 2010	2.00%	18,000	18,000	18,000	18,000
1884	Multi Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	1,339,131	1,278,261	1,339,131	1,278,261
1922	Multi Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	380,952	361,905	380,952	361,905
1929	Multi Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	1,442,308	1,384,615	1,442,308	1,384,615
1941	Multi Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	1,927,693	1,855,387	1,927,693	1,855,387
1953	Multi Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	288,161	276,322	288,161	276,322
1965	Multi Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	1,066,696	1,026,549	1,066,696	1,026,549
1965	Multi Purpose	Dec. 19, 2007	Dec. 16, 2009	Dec. 16, 2010	2.00%	68,000	68,000	68,000	68,000
1992	Multi Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	977,334	951,407	977,334	951,407
1992	Multi Purpose	Dec. 19, 2007	Dec. 16, 2009	Dec. 16, 2010	2.00%	126,000	126,000	126,000	126,000
2017	Multi Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	296,024	290,060	296,024	290,060
2017	Multi Purpose	Dec. 19, 2007	Dec. 16, 2009	Dec. 16, 2010	2.00%	296,000	296,000	296,000	296,000
2030	Multi Purpose	Dec. 20, 2006	Dec. 16, 2009	Dec. 16, 2010	2.00%	490,000	460,833	490,000	460,833
2030	Multi Purpose	Dec. 19, 2007	Dec. 16, 2009	Dec. 16, 2010	2.00%	200,000	200,000	200,000	200,000
2053	Multi Purpose	Dec. 20, 2006	Dec. 16, 2009	Dec. 16, 2010	2.00%	1,000,000	976,270	1,000,000	976,270
2053	Multi Purpose	Dec. 19, 2007	Dec. 16, 2009	Dec. 16, 2010	2.00%	600,000	600,000	600,000	600,000
2053	Multi Purpose	Dec. 16, 2009	Dec. 16, 2009	Dec. 16, 2010	2.00%		90,000		90,000
2074	Multi Purpose	Dec. 19, 2007	Dec. 16, 2009	Dec. 16, 2010	2.00%	1,000,000	1,000,000	1,000,000	1,000,000
2074	Multi Purpose	Dec. 16, 2009	Dec. 16, 2009	Dec. 16, 2010	2.00%		520,000		520,000
2090	Multi Purpose	Dec. 19, 2007	Dec. 16, 2009	Dec. 16, 2010	2.00%	80,000	80,000	80,000	80,000
2122	Multi Purpose	Dec. 16, 2009	Dec. 16, 2009	Dec. 16, 2010	2.00%		1,420,000		1,420,000
						\$ 11,739,645	13,416,301	11,739,645	12,726,301
						Cash	\$ 2,030,000		
						Renewed	11,386,301	11,386,301	
						Paid by Budget		353,344	
						\$ 13,416,301	11,739,645	11,739,645	

BOROUGH OF FAIR LAWN, N.J.
 Schedule of Bond Anticipation Notes Payable
 General Capital Fund
 Year ended December 31, 2009

Ord. No.	Description	Date of issue of original notes	Date of issue	Date of Maturity	Interest rate	Balance Dec.31 2008	Increased Decreased	Balance, Dec.31, 2009
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BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Payment of Debt

General Capital Fund

Year Ended December 31, 2009

	Balance <u>Dec. 31, 2008</u>	Balance <u>Dec. 31, 2009</u>
Ordinance 1737	\$ 1,127	1,127
Community Development Block Grants	<u>25,012</u>	<u>25,012</u>
	<u>\$ 26,139</u>	<u>26,139</u>
<u>Analysis of Balance</u>		
Barrier Free Curb Cuts		\$ <u>26,139</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2009

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2008		2009 Authorizations	Encumbrances Cancelled	Paid or Charged	Authorizations Cancelled	Balance Dec. 31, 2009	
			Funded	Unfunded					Funded	Unfunded
1845	Multiple Purpose	1,666,350	154,204						154,204	
1857/1900	Multiple Purpose	140,000	14,980						14,980	
1864	Multiple Purpose	45,000	2,421						2,421	
1884	Multiple Purpose	1,595,000		184,859			3,090			181,769
1922	Multiple Purpose	494,400		106,363			1,497			104,866
1929	Multiple Purpose	1,800,750		266,873			2,970			263,903
1941	Multiple Purpose	3,207,750		1,049,167			3,969			1,045,198
1951	Field Lighting	324,500	36,134						36,134	
1953	Multiple Purpose	399,000		106,591			1,168			105,423
1965	Multiple Purpose	1,620,000		401,265			8,803			392,462
1970	Improvement to Streets	50,000	42,041						42,041	
1971	Multi Purpose	63,000	3,000						3,000	
1988	Multi Purpose	100,000	64,693						64,693	
1992	Multi Purpose	1,459,500		276,811			8,174			268,637
2017	Multi Purpose	940,800		343,499						349,524
2021	Improvements to Library	23,000	41			6,025				41
2030	Multi Purpose	804,300		265,539			55,583			209,956

BOROUGH OF FAIR LAWN, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2009

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2008		2009 Authorizations	Encumbrances Cancelled	Paid or Charged	Authorizations Cancelled	Balance Dec. 31, 2009	
			Funded	Unfunded					Funded	Unfunded
2045	Senior Center Improvements	49,879	20,479						20,479	
2046	Roadway Improvements	108,000	6,319						6,319	
2055	Berdan Grove Basketball Lighting	17,500	3,332						3,332	
2053	Multi Purpose	3,087,000		1,283,599		122,497				1,161,102
2074	Multi Purpose	2,730,000		1,099,891		127,900				971,991
2082	Improvement to River Road	20,000	1,663						1,663	
2090	Acquisition of Computers and Network	84,630		4,352		3,727				625
2107	Improvements to Senior Center	50,000	11,300			5,270		6,030		
2122	Multi Purpose	2,642,000		1,715,718		704,257				1,011,461
2127	Renovations to Dobroy Field	300,000	300,000			300,000				
2129	Barrier Free Improvements	25,000						3,082		
2155	Acquisition of Lands	3,139,500			3,139,500					149,500
2156	Installation of Athletic Field and Pool Fencing	56,500		56,500		25,000				31,500
2159	Various Public Improvements	1,701,000		1,701,000		215,056				1,485,944
2162	Improvements to Pellack Drive	100,000		100,000		100,000				
2163	Barrier Free Improvements	25,000		25,000		25,000				
			\$ 1,304,464	7,104,527	5,022,000	9,122	1,713,961	9,112	1,174,179	10,542,861

Capital Improvement Fund \$ 231,000
 Grant Awards 181,500
 Authorized but not Issued 4,609,500

\$ 5,022,000

Cash \$ 1,054,393
 Encumbrances 659,568
 \$ 1,713,961

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Public Works Act of 1976

General Capital Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$ <u>1,750</u>
Balance - December 31, 2009	\$ <u><u>1,750</u></u>

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

General Capital Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$ <u>15,464</u>
Balance - December 31, 2009	\$ <u><u>15,464</u></u>

BOROUGH OF FAIR LAWN, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2009

Balance - December 31, 2008	\$ 18,076
Increased by:	
Budget Appropriation	<u>277,000</u>
	295,076
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>231,000</u>
Balance - December 31, 2009	<u><u>\$ 64,076</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2009

	Due from/(to) Balance <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2009</u>
Current Fund	\$ (3,817)	16,156,386	16,152,569	
Water Utility Operating Fund			4,690	(4,690)
	<u>\$ (3,817)</u>	<u>16,156,386</u>	<u>16,157,259</u>	<u>(4,690)</u>
 <u>Analysis</u>				
Due to General Capital Fund				
Due from General Capital Fund	<u>(3,817)</u>	<u>16,156,386</u>	<u>16,157,259</u>	<u>(4,690)</u>
	<u>\$ (3,817)</u>	<u>16,156,386</u>	<u>16,157,259</u>	<u>(4,690)</u>
			Cash Receipts \$ 3,399,212	
			Interest on Investments 11,900	
		20	Reimbursement for expenditures paid 1,470	
			Current Fund Budget Revenue 1,357,926	
		277,000	Capital Improvement Fund	
		13,673,521	Fund Balance-Note Proceeds 11,386,301	
		2,205,845	Cash Disbursements	
		<u>\$ 16,156,386</u>	<u>16,156,809</u>	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Grants Receivable

General Capital Fund

Year Ended December 31, 2009

Balance - December 31, 2008	\$ <u>20,143</u>
Decreased by:	
Cash Disbursement	<u>1,900</u>
Balance - December 31, 2009	\$ <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, 2009

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2008</u>	<u>2009 Authorizations</u>	<u>Cancelled</u>	<u>Balance Dec. 31, 2009</u>
<u>General improvements:</u>					
1600	Improvements to Pollitt Drive	\$			
1794	Multiple Purpose	26,499			26,499
1801	Multiple Purpose	18,325			18,325
1884	Multiple Purpose	119,000			119,000
1922	Multiple Purpose	70,850			70,850
1929	Multiple Purpose	214,995			214,995
1941	Multiple Purpose	1,055,000			1,055,000
1953	Multiple Purpose	80,000			80,000
1965	Multiple Purpose	375,000			375,000
1992	Multiple Purpose	271,000			271,000
2017	Multiple Purpose	300,000			300,000
2030	Multiple Purpose	76,000			76,000
2053	Multiple Purpose	1,340,000		90,000	1,250,000
2074	Multi Purpose	1,600,000		520,000	1,080,000
2090	Acquisition of Computers and Network	600			600
2122	Multi Purpose	2,516,000		1,420,000	1,096,000
2155	Acquisition of Lands		2,990,000		2,990,000
2159	Multi Purpose		1,619,500		1,619,500
		<u>\$ 8,063,269</u>	<u>4,609,500</u>	<u>2,030,000</u>	<u>10,642,769</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Cash - Treasurer

Water Utility Fund

Year ended December 31, 2009

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2008	\$ <u>342,230</u>	<u>659,588</u>
Increased by Receipts:		
Water Collector	4,613,454	
Interest on Investments	3,718	659
Other Miscellaneous	6,365	
Water Rent Overpayments	6,099	
Bond Anticipation Note Premiums		
Interfunds	<u>506,000</u>	<u>57,000</u>
	<u>5,135,636</u>	<u>57,659</u>
	5,477,866	717,247
Decreased by Disbursements:		
2009 Appropriations	4,464,687	
2008 Appropriation Reserves	184,168	
Interfunds	304,736	506,000
Tax overpayments	3,488	
Accrued Interest on Bonds	113,756	
Encumbrances		44,919
Improvement Authorizations		<u>161,141</u>
	<u>5,070,835</u>	<u>712,060</u>
Balance, December 31, 2009	\$ <u><u>407,031</u></u>	<u><u>5,187</u></u>

BOROUGH OF FAIR LAWN, N.J.

Analysis of Cash

Water Utility Capital Fund

December 31, 2009

		Balance, Dec. 31, <u>2009</u>
Fund Balance		\$ 375,014
Encumbrances		50,194
Capital Improvement Fund		5,500
Interfunds Accounts Receivable		(162,151)
Unallocated Deferred Charges		43,932
Improvement authorizations:		
Ordinance		
<u>number</u>	<u>General improvements</u>	
1371	Multi-Purpose	(8,614)
1456	Multi-Purpose	(1,318)
1729	Multi-Purpose	(33,725)
1756	Multi-Purpose	7,701
1771	Multi-Purpose	2,469
1810	Multi-Purpose	7,828
1846	Improvements to the Water System	1,553
1863	Multi-Purpose	5,123
1930	Improvements to the Water System	1,170
1942	Multi-Purpose	5,284
1993	Multi-Purpose	3,338
2031	Multi-Purpose	(97,920)
2054	Improvement to Water System	(165,740)
2123	Improvement to Water System	(40,622)
2160	Improvement to Water System	<u>6,170</u>
		<u>\$ 5,186</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

Water Utility Operating Fund

Year ended December 31, 2009

	Due from/(to) Balance <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2009</u>
Current Fund	\$	198,925	224,551	(25,626)
Self-Insurance Trust Fund - Worker's Compensation Insurance Trust		61,000	61,000	
Liability Insurance Trust		61,000	61,000	
General Capital Fund		4,690		4,690
Water Utility Capital Fund	<u>190</u>	<u>357,659</u>	<u>520,000</u>	<u>(162,151)</u>
	\$ <u>190</u>	<u>683,274</u>	<u>866,551</u>	<u>(183,087)</u>
<u>Analysis</u>				
Due to Water Utility Operating Fund		4,690		4,690
Due from Water Utility Operating Fund	<u>190</u>	<u>678,584</u>	<u>866,551</u>	<u>(187,777)</u>
	\$ <u>190</u>	<u>683,274</u>	<u>866,551</u>	<u>(183,087)</u>
Cash Receipts	\$		506,000	
Cash Disbursements		304,736		
Interest on Investments		659		
Terminal Leave		35,769	17,885	
Reimbursement for Expenditures Paid		19,390	15,600	
Budget Revenue		300,000		
Budget Appropriations -			2,231	
Fuel Oil			63,100	
PERS				
Worker's Compensation Contribution			61,000	
Liability Insurance Contribution			61,000	
Bond Anticipation Note Interest		22,720	80,079	
Bond Anticipation Note Principal			45,656	
Capital Improvement Fund			14,000	
	\$	<u>683,274</u>	<u>866,551</u>	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges

Water Utility Operating Fund

Year ended December 31, 2009

Balance, December 31, 2008	\$	220,152
Increased by:		
Deficit in Operations		<u>253,269</u>
		473,421
Decreased by:		
Budget Appropriations		<u>220,152</u>
Balance, December 31, 2009	\$	<u><u>253,269</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Consumers' Accounts Receivable -
Operating Fund

Water Utility Fund

Year ended December 31, 2009

Balance, December 31, 2008	\$ 374,326
Increased by:	
2009 Levy	<u>4,579,929</u>
	4,954,255
Decreased by:	
Cash receipts	<u>4,613,453</u>
Balance, December 31, 2009	\$ <u><u>340,802</u></u>

Inventory - Material and Supplies

Water Utility Fund

Year ended December 31, 2009

Balance, December 31, 2008	\$ 70,000
Increased by:	
Purchases	<u>18,255</u>
	88,255
Decreased by:	
Inventory usage	<u>2,326</u>
Balance, December 31, 2009	\$ <u><u>85,929</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year ended December 31, 2009

<u>Account</u>	Balance, Dec. 31, <u>2009</u>
Springs and Wells	\$ 1,726,211
Land and Pumping Stations	231,878
Structure and Pumping Stations	149,876
Electrical Pumping Equipment	161,456
Miscellaneous Pumping Equipment	68,622
Storage Reservoirs and Tanks	567,062
Distribution Mains and Accessories	7,537,556
Meters	648,774
Fire Hydrants	74,201
Garage	39,068
Other Tangible Water Capital	424,436
Distribution Equipment	10,642
Engineering During Construction	156,076
Legal Expenses During Construction	20,243
Interest During Construction	35,641
Miscellaneous Charges During Construction	<u>47,257</u>
	<u>\$ 11,898,999</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year ended December 31, 2009

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Ordinance</u>		Balance, Dec. 31, 2008	2009 Authorizations	Balance, Dec. 31, 2009
		<u>Date</u>	<u>Amount</u>			
1572	Improvement of Water Supply and Distribution System	Sept. 13, 1994	232,400 \$	232,400		232,400
1597	Improvement of Water Supply and Distribution System	May 20, 1995	671,000	671,000		671,000
1639	Improvement of Water Supply and Distribution System	May 24, 1996	488,600	458,600		458,600
1678	Multi-Purpose	Mar. 25, 1997	205,200	205,200		205,200
1729	Multi-Purpose	June 9, 1998	434,600	434,600		434,600
1756	Multi-Purpose	May 4, 1999	84,000	84,000		84,000
1771	Multi-Purpose	Oct. 12, 1999	55,900	55,900		55,900
1810	Multi-Purpose	Sept. 5, 2000	302,400	302,400		302,400
1846	Improvements to the Water System	March 27, 2001	265,965	265,965		265,965
1863	Multi-Purpose	June 25, 2001	133,665	133,665		133,665
1930	Improvements to the Water System	November 11, 2002	257,145	257,145		257,145
1942	Multi-Purpose	March 25, 2003	904,050	904,050		904,050
1993	Multi-Purpose	October 12, 2004	690,900	690,900		690,900
2031	Multi-Purpose	October 11, 2005	814,800	814,800		814,800
2054	Improvement to Water System	May 23, 2006	373,800	373,800		373,800
2123	Improvement to Water System	August 19, 2008	94,200	92,400		92,400
2160	Improvement to Water System	July 21, 2009	294,000		294,000	294,000
				\$ 5,976,825	294,000	6,270,825

BOROUGH OF FAIR LAWN, N.J.

Schedule of 2008 Appropriation Reserves

Water Utility Fund

Year ended December 31, 2009

	Balance, Dec. 31, <u>2008</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 26,129	26,129	16,317	9,812
Other Expenses	<u>167,753</u>	<u>323,750</u>	<u>167,744</u>	<u>156,006</u>
Total Operating	<u>193,882</u>	<u>349,879</u>	<u>184,061</u>	<u>165,818</u>
Deficit in Operations in Prior Years	<u>107</u>	<u>107</u>	<u>107</u>	
	<u>\$ 193,989</u>	<u>349,986</u>	<u>184,168</u>	<u>165,818</u>
Appropriation Reserves		193,989		
Encumbrances		<u>155,997</u>		
		<u>\$ 349,986</u>		

BOROUGH OF FAIR LAWN, N.J.

Schedule of Accounts Payable

Water Utility Fund

Year ended December 31, 2009

Balance, December 31, 2008 \$ 3,234

Balance, December 31, 2009 \$ 3,234

Analysis of Balance

<u>Purchase</u> <u>Order Number</u>	<u>Vendor</u>	
66679	Tilcon N.J. Inc.	\$ 399
36118	Pagenet Inc.	51
	Pagenet Inc.	525
57217	American Nursery	35
58027	Ridgewood Water Department	<u>2,224</u>
		\$ <u><u>3,234</u></u>

BOROUGH OF FAIR LAWN, N.J.
Schedule of Water Rent Overpayments
Water Utility Fund
Year ended December 31, 2009

Balance, December 31, 2008	\$	2,670
Increased by:		
Current year overpayments		<u>6,099</u>
		8,769
Decreased by:		
Refunded		<u>3,488</u>
Balance, December 31, 2009	\$	<u><u>5,281</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Accrued Interest on Bonds

Water Utility Fund

Year ended December 31, 2009

Balance, December 31, 2008		\$	19,139
Increased by:			
Budget Appropriation			<u>151,000</u>
			170,139
Decreased by:			
Payments	\$	113,756	
Cancelled to Operations		<u>41,455</u>	
			<u>155,211</u>
Balance, December 31, 2009		\$	<u><u>14,928</u></u>

Analysis of Accrued Interest

	Principal Outstanding <u>Dec. 31, 2009</u>	Period	Interest Rate	Amount
\$	566,000	5 Months	4.70%	\$ 11,084
	400,000	1 Month	4.40%	1,467
	Unallocated Accruals			<u>2,377</u>
				\$ <u><u>14,928</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Encumbrances Payable

Water Utility Capital Fund

Year Ended December 31, 2009

Balance - December 31, 2008		\$	74,682
Increased by:			
Charged to Improvement Authorizations			<u>50,194</u>
			124,876
Decreased by:			
Encumbrances cancelled	\$	29,763	
Payments		<u>44,919</u>	
			<u>74,682</u>
Balance - December 31, 2009		\$	<u><u>50,194</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year ended December 31, 2009

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, Dec. 31, 2008		2009 Authorizations	Encumbrances Cancelled	Authorizations Cancelled	Expended	Balance, Dec. 31, 2009	
				Funded	Unfunded					Funded	Unfunded
1572	Improvement of Water Supply and Distribution System	Sept. 13, 1994	\$ 232,400	\$ 107,506	21,300	107,506				6,170	21,300
1597	Improvement of Water Supply and Distribution System	May 20, 1995	671,000	70,315	150	70,315					150
1639	Improvement of Water Supply and Distribution System	May 24, 1996	488,600	153,723							
1678	Multi-Purpose	Mar. 25, 1997	205,200	39,598		153,723					
1729	Multi-Purpose	June 9, 1998	434,600		56,608	39,598		243			56,608
1756	Multi-Purpose	May 4, 1999	84,000		17,944						17,701
1771	Multi-Purpose	Oct. 12, 1999	55,900		3,707						3,707
1810	Multi-Purpose	Sept. 5, 2000	302,400		36,346						35,828
1846	Improvements to the Water System	March 27, 2001	265,965		25,321			468			24,853
1863	Multi-Purpose	June 25, 2001	133,665		32,610			187			32,423
1930	Improvements to the Water System	November 11, 2002	257,145		41,485			417			41,068
1942	Multi-Purpose	March 25, 2003	904,050		128,763		13,995	1,474			141,284
1993	Multi-Purpose	October 12, 2004	690,900		133,420			1,082			132,338
2031	Multi-Purpose	October 11, 2005	814,800		635,101		1,031	24,052			612,080
2054	Improvement to Water System	May 23, 2006	373,800		212,995		14,737	153,472			94,260
2123	Improvement to Water System	August 19, 2008	92,400	970	87,900			41,592			47,278
2160	Improvement to Water System	July 21, 2009	92,400			294,000		7,830			380,000
			\$	372,112	1,433,650	294,000	29,763	371,142	211,335	6,170	1,540,878

Cash \$ 161,141
 Encumbrances 50,194
 \$ 211,335

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

Water Utility Capital Fund

Year ended December 31, 2009

	Due from/(to) Balance <u>Dec. 31, 2008</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2009</u>
Water Utility Operating Fund	\$ (190)	520,000	357,659	162,151
	<u>\$ (190)</u>	<u>520,000</u>	<u>357,659</u>	<u>162,151</u>
<u>Analysis</u>				
Due to Water Utility Capital Fund				
Due from Water Utility Capital Fund	<u>(190)</u>	<u>520,000</u>	<u>357,659</u>	<u>162,151</u>
	<u>\$ (190)</u>	<u>520,000</u>	<u>357,659</u>	<u>162,151</u>
Cash Receipts	\$		57,000	
Interest on Investments			659	
Cash Disbursements		506,000		
Budget Revenue			300,000	
Budget Appropriations - Capital Improvement Fund		<u>14,000</u>		
		<u>\$ 520,000</u>	<u>357,659</u>	

BOROUGH OF FAIR LAWN, N.J.
 Schedule of Capital Improvement Fund
 Water Utility Capital Fund
 Year ended December 31, 2009

Balance, December 31, 2008	\$	5,500
Increased by:		
2009 Budget Appropriation		14,000
		19,500
Decreased by:		
Appropriated to Finance Improvement Authorizations		14,000
Balance, December 31, 2009	\$	5,500

Schedule of Reserve for Amortization
 Water Utility Capital Fund
 Year ended December 31, 2009

Balance, December 31, 2008	\$	11,976,444
Increased by:		
Budget Appropriation - Serial Bond Principal		255,000
Balance, December 31, 2009	\$	12,231,444

BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year ended December 31, 2009

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date of Ordinance</u>	Balance, Dec. 31, <u>2008</u>	<u>Increased</u>	Balance, Dec. 31, <u>2009</u>
1371	Multi-Purpose	June 23, 1987	\$ 86,349		86,349
1398	Multi-Purpose	June 28, 1988	220,995		220,995
1456	Multi-Purpose	Sept. 11, 1990	138,361		138,361
1486	Multi-Purpose	June 20, 1991	4,200		4,200
1506	Improvement of Water Supply and Distribution System	July 28, 1992	5,300		5,300
1531	Multi-Purpose	June 22, 1993	11,200		11,200
1534	Improvement of Water Supply and Distribution System	Oct. 12, 1993	59,750		59,750
1572	Improvement of Water Supply and Distribution System	Sept. 13, 1994	11,100		11,100
1597	Improvement of Water Supply and Distribution System	May 9, 1995	32,000		32,000
1639	Improvement of Water Supply and Distribution System	May 24, 1996	21,850		21,850
1678	Multi-Purpose	Mar. 25, 1997	12,717		12,717
1729	Multi-Purpose	June 9, 1998	21,750		21,750
1756	Multi-Purpose	May 4, 1999	8,207	(8,432)	(225)
1771	Multi-Purpose	Oct. 12, 1999	2,662	12,897	15,559
1810	Multi-Purpose	Sept. 5, 2000	22,728	8,328	31,056
1846	Improvements to the Water System	March 27, 2001	15,577	2,911	18,488
1863	Multi-Purpose	June 25, 2001	15,456	9,091	24,547
1930	Improvements to the Water System	November 11, 2002	14,595	3,704	18,299
1942	Multi-Purpose	March 25, 2003	51,570	9,800	61,370
1993	Multi-Purpose	October 12, 2004	36,139	5,998	42,137
2031	Multi-Purpose	October 11, 2005	38,800	1,359	40,159
2054	Improvement to Water System	May 23, 2006	17,800		17,800
2123	Improvement to Water System	August 19, 2008	4,500		4,500
2160	Improvement to Water System	July 21, 2009		14,000	14,000
			<u>\$ 853,606</u>	<u>59,656</u>	<u>913,262</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Bond Anticipation Notes Payable

Water Utility Capital Fund

Year ended December 31, 2009

Ord. No.	Improvement Description	Date of issue of original notes	Date of Issue	Date of Maturity	Interest rate	Balance Dec. 31 2008	Increased	Decreased	Balance, Dec. 31, 2009
1756	Multi-Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	65,793	74,483	65,793	74,483
1771	Multi-Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	52,000	39,103	52,000	39,103
1810	Multi-Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	251,672	243,344	251,672	243,344
1846	Improvement to Water System	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	227,088	224,177	227,088	224,177
1863	Multi-Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	90,909	81,818	90,909	81,818
1930	Multi-Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	127,652	123,948	127,652	123,948
1930	Multi-Purpose	Dec. 20, 2006	Dec. 16, 2009	Dec. 16, 2010	2.00%	75,000	75,000	75,000	75,000
1942	Multi-Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	591,480	581,680	591,480	581,680
1942	Multi-Purpose	Dec. 20, 2006	Dec. 16, 2009	Dec. 16, 2010	2.00%	90,000	90,000	90,000	90,000
1942	Multi-Purpose	Dec. 19, 2007	Dec. 16, 2009	Dec. 16, 2010	2.00%	35,000	35,000	35,000	35,000
1993	Multi-Purpose	Dec. 22, 2005	Dec. 16, 2009	Dec. 16, 2010	2.00%	246,761	240,762	246,761	240,762
1993	Multi-Purpose	Dec. 20, 2006	Dec. 16, 2009	Dec. 16, 2010	2.00%	213,000	213,000	213,000	213,000
1993	Multi-Purpose	Dec. 19, 2007	Dec. 16, 2009	Dec. 16, 2010	2.00%	66,000	66,000	66,000	66,000
2031	Multi-Purpose	Dec. 19, 2007	Dec. 16, 2009	Dec. 16, 2010	2.00%	66,000	64,384	66,000	64,384
2031	Multi-Purpose	Dec. 20, 2006	Dec. 16, 2009	Dec. 16, 2010	2.00%	50,000	50,000	50,000	50,000
2054	Improvement to Water System	Dec. 19, 2007	Dec. 16, 2009	Dec. 16, 2010	2.00%	46,000	46,000	46,000	46,000
						\$ 2,294,355	2,248,699	2,294,355	2,248,699
						Renewed	\$ 2,248,699	2,248,957	
						Paid by Budget	45,398	45,398	
						\$ 2,248,699	2,294,355	2,294,355	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year ended December 31, 2009

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2008</u>	<u>2009 Authorizations</u>	<u>Balance Dec. 31, 2009</u>
1371	Multi-Purpose	\$ 8,614		8,614
1456	Multi-Purpose	1,318		1,318
1572	Improvement of the Water Supply and Distribution System	21,300		21,300
1597	Improvement of the Water Supply and Distribution System	150		150
1729	Multi-Purpose	90,333		90,333
1756	Multi-Purpose	10,000		10,000
1771	Multi-Purpose	1,238		1,238
1810	Multi-Purpose	28,000		28,000
1846	Improvement to the water system	23,300		23,300
1863	Multi-Purpose	27,300		27,300
1930	Improvement to the water system	39,898		39,898
1942	Multi-Purpose	136,000		136,000
1993	Multi-Purpose	129,000		129,000
2031	Multi-Purpose	710,000		710,000
2054	Improvement to Water System	260,000		260,000
2123	Improvement to Water System	87,900		87,900
2160	Improvement to Water System		280,000	280,000
		<u>\$ 1,574,351</u>	<u>280,000</u>	<u>1,854,351</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, 2009

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

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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

July 7, 2010

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

We have audited 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, 2009, and have issued our report thereon dated July 7, 2010. Our report disclosed that, as described in note 1 to the financial statements-regulatory basis, the Borough of Fair Lawn prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Fair Lawn's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough of Fair Lawn's internal control over financial reporting.

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.



Honorable Mayor and
Members of the Borough Council
Page 2.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

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.

This report is intended solely for the information of management, The Division of Local Government Services, Department of Community Affairs, State of New Jersey, Federal Awarding Agencies and Pass Through Entities and is not intended to be and should not be used by anyone other than these specified parties.

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

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

July 7, 2010



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 July 1, 2005, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$21,000 and with a qualified purchasing agent the threshold may be up to \$29,000.

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:

Hi-Way Salt Spreader	Shade Tree Building Repairs
Bioxide Odor & Corrosion Control Chemicals	Vander Plaat Field Turf
Emergency Water Main Repairs	Printed Supplies - Recycled Paper
Electrical Repair and Maintenance	Cadmus GAC Demonstration Project
GMC Sierra Extended Cab	2009 Roadway Improvements
Water & Sewer Pump Station Maintenance	Courtroom Seating
Tree Trimming	Tree and Stump Removal
Storm and Sanitary Sewer Cleaning	

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.

Collection of Interest on Delinquent Taxes and Assessments

The governing body on January 6, 2009 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;

BOROUGH OF FAIR LAWN

GENERAL COMMENTS

(continued)

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 June 2, 2008 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>
2009	3
2008	2
2007	2

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

BOROUGH OF FAIR LAWN

COMMENTS

Finance/Treasurer

1. The Payroll Fund had a deficit in the reserve balance at year end.
2. There are petty cash funds in use by the Borough that exceed the Division of Local Government Services approved amounts in accordance with N.J.S.A. 40A:5-21 entitled "Petty Cash Fund of Local Unit".
3. There were instances of expenditures being charged to the incorrect budget accounts.
4. *The Borough did not implement the requirements of Governmental Accounting Standards Board (GASB), Statement No. 45, *Accounting and Financial Reporting By Employer For Postemployment Benefits Other Than Pensions*.

Municipal Court

1. According to the Municipal Court management reports, there are 143 tickets Assigned over 180 days.
2. A review of the Municipal Court's management reports indicated there are 60 tickets issued but not assigned.
3. On four occasions throughout the year deposits were not made in a timely manner in accordance with N.J.S.A. 40A:5-15.
4. There was one month during 2009 that monies collected were not turned over to the proper agencies on or before the fifteen of the following month.
5. *The court is carrying outstanding checks over one year old as reconciling items in the Fines and Bail accounts (N.J.S.A. 40A:5-5).
6. *Reconciled cash bail per the bank account does not agree to the Bail on Account per ATS/ACS.

BOROUGH OF FAIR LAWN

RECOMMENDATIONS

Finance/Treasurer

1. That the proper funds be provided in order to prevent a deficit in subsequent years.
2. That an application be sent to the Division of Local Government Services for approval of the revised amounts and custodians for petty cash funds.
3. That more care be taken to ensure the correct budget appropriations are being charged for expenditures.
4. *That the Borough take the necessary steps to implement and maintain the requirements of Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Municipal Court

1. That tickets over 180 days be recalled by the Court Administrator.
2. That all tickets be assigned prior to issuance.
3. That monies collected be deposited within 48 hours of receipt per N.J.S.A. 40A:5-15.
4. That monies collected be turned over to the proper agencies on or before the fifteen of the following month.
5. *That stale dated checks in be investigated and cancelled by resolution.
6. *Bail on Account must be reconciled to the Bail Account cash on a monthly basis.

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.

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. Wielkotz
Registered Municipal Accountant
No. CR00413

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants

July 7, 2010