

BOROUGH OF FAIR LAWN

**Financial Statements With
Supplementary Information
December 31, 2010**

(With Independent Auditors' Report Thereon)

BOROUGH OF FAIR LAWN

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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, 2010 and 2009, 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, 2010. 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.



Honorable Mayor and
Members of the Borough Council
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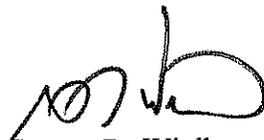
In our opinion, because of the Borough of Fair Lawn's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Fair Lawn, New Jersey as of December 31, 2010 and 2009 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.

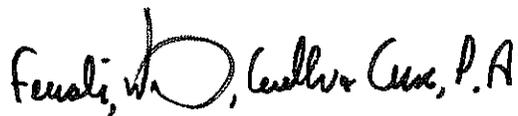
However, in our opinion, the financial statements referred to above, with the exception of the Length of Services Awards Program and the effect described in the preceding paragraph, present fairly, in all material respects, the financial position-regulatory basis of the various funds and account group of the Borough of Fair Lawn at December 31, 2010 and 2009, 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, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 8, 2011 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.

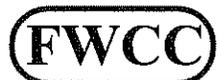
Our audit was for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information, schedules and exhibits listed in the table of contents are not required parts of the financial statements, but are presented as additional analytical data, as 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. Wielkocz, C.P.A.
Registered Municipal Accountant
No. CROO413



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



August 8, 2011

BOROUGH OF FAIR LAWN, N.J.
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2010 and 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 13,173,279	13,282,038
Change Fund	A-5	<u>7,159</u>	<u>6,815</u>
		<u>13,180,438</u>	<u>13,288,853</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	1,343,909	988,929
Tax Title Liens	A-10	21,120	19,438
Other Liens Receivable	A-11	275	275
Property Acquired for Taxes - Assessed Valuation	A-12	73,260	73,260
Revenue Accounts Receivable	A-13	409,651	384,965
Interfund Accounts Receivable	A-14	273,716	249,213
Due from FEMA	A-15	<u>71,004</u>	<u> </u>
		<u>2,192,935</u>	<u>1,716,080</u>
		<u>15,373,373</u>	<u>15,004,933</u>
Federal and State Grant Fund:			
Cash	A-4	372,093	352,210
Grants Receivable	A-27	<u>1,455,848</u>	<u>1,517,607</u>
		<u>1,827,941</u>	<u>1,869,817</u>
		<u>\$ 17,201,314</u>	<u>16,874,750</u>

BOROUGH OF FAIR LAWN, N.J.
Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2010 and 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-15	\$ 2,438,825	1,464,102
Encumbrances Payable	A-3/A-16	1,083,940	927,180
Interfund Accounts Payable	A-14	45,000	46,085
Accounts Payable	A-17	145,560	51,116
Reserve for Other Expenditures	A-18	3,205,650	2,488,825
Reserve for Library Expenditures	A-19	39,565	77,091
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	A-7	159,108	151,688
Construction Training Fees	A-20	17,355	7,188
Tax Overpayments	A-21	26,570	37,558
Local School Taxes Payable	A-22	544,445	544,445
County Taxes Payable	A-23	20,685	20,710
Prepaid Revenue	A-25	49,469	43,069
SID Taxes Payable	A-24	412	412
Prepaid Taxes	A-26	538,405	508,485
		<u>8,314,989</u>	<u>6,367,954</u>
Reserve for Receivables	Contra	2,192,935	1,716,080
Fund Balance	A-1	4,865,449	6,920,899
		<u>15,373,373</u>	<u>15,004,933</u>
Federal and State Grant Fund:			
Unappropriated Reserve for Grants	A-28	155,854	95,652
Appropriated Reserve for Grants	A-29	1,536,118	1,610,534
Encumbrances Payable	A-29	84,266	84,266
Interfund Accounts Payable	A-8	135,969	79,365
		<u>1,827,941</u>	<u>1,869,817</u>
		<u>\$ 17,201,314</u>	<u>16,874,750</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenues and Other Income:		
Fund Balance Utilized	5,000,000	5,014,214
Miscellaneous Revenue Anticipated	6,532,021	9,379,118
Receipts from Delinquent Taxes	997,339	1,007,688
Receipts from Current Taxes	114,796,203	109,016,233
Non-Budget Revenue	494,715	357,996
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	350,304	587,170
Prior Year Interfunds Returned in 2010	20,611	1,252
	<hr/>	<hr/>
Total Revenues and Other Income	128,191,193	125,363,671
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	16,147,247	16,896,408
Other Expenses	18,134,080	16,952,853
Capital Improvement Fund	175,000	277,000
Municipal Debt Service	4,066,950	4,567,307
Deferred Charges and Statutory Expenditures - Municipal	3,273,986	3,238,156
Prior Year Revenue Refunded	304,394	
Tax Refunds	32,250	168,060
Prepaid Revenue	32,970	
Interfund Charges	120,485	236,087
Local District School Tax	72,306,304	69,461,810
County Taxes including Added Taxes	10,116,068	10,348,731
Municipal Open Space Tax	268,709	255,072
Special Improvement District Taxes	268,200	263,612
	<hr/>	<hr/>
Total Expenditures	125,246,643	122,665,096
Statutory Excess to Surplus	2,944,550	2,698,575
Fund Balance, January 1,	<hr/>	<hr/>
	6,920,899	9,236,538
	9,865,449	11,935,113
Decreased by:		
Fund Balance Utilized as Budget Revenue	<hr/>	<hr/>
	5,000,000	5,014,214
Fund Balance, December 31,	<hr/>	<hr/>
	4,865,449	6,920,899

See accompanying notes to the financial statements.

BOROUGH OF FAIR LAWN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 5,000,000	5,000,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	41,000	43,205	2,205
Other	48,000	56,974	8,974
Fees and Permits	245,000	252,887	7,887
Fines and Costs:			
Municipal Court	502,000	298,197	(203,803)
Interest and Costs on Taxes	175,000	202,934	27,934
Interest on Investments and Deposits	300,000	145,407	(154,593)
Tax and Assessment Searches	10	90	80
Memorial Pool	230,000	279,585	49,585
Sewer User Charges	29,000	43,285	14,285
Cable Television Fees	93,000	93,000	
Uniform Fire Safety Act	210,000	208,193	(1,807)
Hotel Tax	105,000	121,156	16,156
Consolidated Municipal Property Tax Relief Aid	226,560	226,560	
Energy Receipts Tax	3,517,973	3,517,973	
Uniform Construction Code Fees	595,000	650,678	55,678
Public Health Priority Funding - 1987	8,681	8,681	
Over the Limit Under Arrest	5,075	5,075	
Clean Communities Program	47,856	47,856	
Municipal Alliance on Alcoholism and Drug Abuse	15,759	15,759	
Click It or Ticket	4,000	4,000	
Bullet Proof Vest	4,200	4,200	
Body Armor Grant	2,063	2,063	
Emergency Management Assistant Funding	5,000	5,000	
Cops in Shops Grant	4,500	4,500	
Forestry Grant	3,000	3,000	
Flood Insurance	27,975	27,975	
Cable Television Fees	236,000	263,788	27,788
Total Miscellaneous Revenues	6,681,652	6,532,021	(149,631)

BOROUGH OF FAIR LAWN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2010

Receipts from Delinquent Taxes	990,000	997,339	7,339
Subtotal General Revenues	<u>12,671,652</u>	<u>12,529,360</u>	<u>(142,292)</u>
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	<u>33,060,662</u>	<u>35,136,923</u>	<u>2,076,261</u>
Budget Totals	45,732,314	47,666,283	1,933,969
Non-Budget Revenue	<u> </u>	<u>565,719</u>	<u>565,719</u>
	<u>\$ 45,732,314</u>	<u>48,232,002</u>	<u>2,499,688</u>

Analysis of Realized Revenues

Revenue from Current Tax Collections	\$ 114,796,203
Allocated to School and County Taxes	\$ 72,306,304
Special District Taxes	<u>268,200</u>
	<u>72,574,504</u>
Balance for Support of Municipal Budget Appropriations	42,221,699
Add : Appropriation - Reserve for Uncollected Taxes	<u>3,300,000</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 45,521,699</u>
Receipts from Delinquent Taxes: Delinquent Taxes	<u>997,339</u>
	<u>\$ 997,339</u>

BOROUGH OF FAIR LAWN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2010

Analysis of Non-budget Revenues

Recreation Fees	\$	66,884
Copies, Maps, Plans, Specs, Ordinances		9,167
Visa		625
Police Fees		18,065
Traffic Lights		300
Dumpster		1,520
List of Property Owners		900
Med B Adm Charge		235
County Snow Plowing		14,070
Bad Check Charge		240
Café License		500
Cell Tower Revenue		123,105
Hep B Shots and Flu Shots		272
ATM Revenue		721
Tax Sale Fee		5,843
Meals on Wheels		2,857
Medicare Prescription Drug Reimb		92,656
Health Benefits Reimbursement		122,501
Reimbursements		5,994
Vending Machines		721
Bus Shelter Revenue		4,800
DMV Fines		4,634
Flu Shots		2,220
Miscellaneous		<u>15,885</u>
	\$	<u>494,715</u>

See accompanying notes to the financial statements.

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
General Government:					
Administration:					
Salaries and Wages	\$ 329,400	304,400	299,111	5,289	
Other Expenses	127,000	125,800	91,213	34,587	
Human Resources:					
Other Expenses	60,000	60,000	28,287	31,713	
Mayor and Council:					
Salaries and Wages	9,620	9,620	9,461	159	
Other Expenses	242,800	244,000	241,492	2,508	
Municipal Clerk:					
Salaries and Wages	177,570	177,570	176,668	902	
Other Expenses	60,350	60,350	55,148	5,202	
Financial Administration:					
Salaries and Wages	314,230	314,230	307,442	6,788	
Other Expenses	17,700	17,700	14,549	3,151	
Audit Services	58,000	58,000	58,000		
Assessment of Taxes:					
Salaries and Wages	234,620	219,620	217,952	1,668	
Other Expenses	45,700	45,700	44,492	1,208	
Collection of Taxes:					
Salaries and Wages	112,970	124,970	123,654	1,316	
Other Expenses	27,300	27,300	23,485	3,814	
Legal Services and Cost:					
Other Expenses	131,300	131,300	108,474	22,826	
Arbitration	50,000	50,000	545	49,455	
Engineering Services and Costs:					
Salaries and Wages	197,030	212,030	209,110	2,920	
Other Expenses	12,600	12,600	3,216	9,384	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<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	15,290	15,290	14,978	312	
Other Expenses	56,800	56,800	31,233	25,567	
Zoning Board of Adjustment:					
Salaries and Wages	6,250	6,250	6,100	150	
Other Expenses	32,600	32,600	30,527	2,073	
Insurance:					
Self Insurance Program					
Liability Insurance (N.J.S.A. 40:10-12)	631,000	631,000	631,000		
Workers Compensation Insurance (N.J.S.A. 40:10-12)	338,000	338,000	338,000		
Group Insurance Plan for Employee's:					
Hospital Service Insurance	5,651,400	5,651,400	5,182,248	469,152	
Other Insurance Premiums	65,000	65,000	59,848	5,152	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3)	45,000	45,000	45,000		
Public Safety:					
Police:					
Salaries and Wages	7,733,000	7,733,000	7,266,718	466,282	
Other Expenses	263,800	263,800	254,109	9,691	
Acquisition of Police Cars					
Police Dispatch:					
Salaries and Wages	448,500	448,500	422,838	25,662	
Emergency Management:					
Salaries and Wages	72,900	72,900	71,431	1,469	
Other Expenses	88,150	88,150	79,200	8,950	
Fire:					
Other Expenses	207,800	207,800	182,454	25,346	
Ambulance:					
Other Expenses	55,000	56,400	56,388	12	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Uniform Fire Safety Act: (P.L. 1983 Chap. 383)					
Salaries and Wages	176,770	178,770	176,511	2,259	
Other Expenses	17,800	17,800	10,452	7,348	
Municipal Prosecutor:					
Salaries and Wages	19,900	19,900	18,828	1,072	
Municipal Court					
Salaries and Wages	318,660	318,660	292,441	26,219	
Other Expenses	23,000	23,000	19,621	3,379	
Public Works:					
Road Repairs and Maintenance:					
Salaries and Wages	636,300	666,300	661,677	4,623	
Other Expenses	49,000	58,000	52,713	5,287	
Shade Tree:					
Salaries and Wages	441,250	451,250	444,118	7,132	
Other Expenses	80,800	80,800	76,977	3,823	
Electrical Services:					
Salaries and Wages	44,500	48,500	45,286	3,214	
Other Expenses	4,200	4,200	2,899	1,301	
Public Buildings and Grounds:					
Salaries and Wages	363,970	337,970	330,343	7,627	
Other Expenses	101,400	106,400	102,389	4,011	
Maintenance Garage:					
Salaries and Wages	224,610	229,610	223,058	6,552	
Other Expenses	220,700	220,700	175,930	44,770	
Community Services Act:					
Other Expenses	47,000	47,000	45,122	1,878	
Administration of Public Works:					
Salaries and Wages	114,030	114,030	111,603	2,427	
Other Expenses	2,200	2,200	671	1,529	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<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	528,700	536,700	522,672	4,028	
Other Expenses	83,900	89,900	87,206	2,694	
Recycling:					
Salaries and Wages	614,837	614,837	498,664	116,173	
Other Expenses	27,000	27,000	25,561	1,439	
Health and Human Services:					
Health Department:					
Salaries and Wages	452,410	414,410	389,972	24,438	
Other Expenses	116,500	116,500	100,088	16,412	
Administration of Social Services:					
Salaries and Wages	109,630	109,630	90,003	19,627	
Other Expenses	2,400	5,400	5,135	265	
Mental Health Program (N.J.S.A. 40:5-9):					
Contractual	22,200	22,200	22,200		
Recreation and Parks:					
Salaries and Wages	1,070,780	1,070,780	1,067,404	3,376	
Other Expenses	115,200	115,200	99,676	15,524	
Parks and Playgrounds:					
Salaries and Wages	490,620	490,620	479,685	10,935	
Other Expenses	68,250	68,250	60,081	8,169	
Celebration of Public Events:					
Other Expenses	11,500	11,500	11,350	150	
Garretson House Historical Site	1,500	1,500	1,500		
Cadmus House Historical Site	3,500	3,500	2,265	1,235	
Aid to Health Care Facility (N.J.S.A. 44:5-2):					
Aid to the Opportunity Center	4,500	4,500	4,500		
Aid to Cerebral Palsy Center Bergen County	2,000	2,000	2,000		
Veterans' Service Bureau:					
Other Expenses	3,300	3,300	3,300		

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Unclassified:					
Terminal Leave:					
Salaries and Wages	77,000	77,000	76,849	151	
Postage:					
Other Expenses	61,500	61,500	60,056	1,444	
Utility Expenses and Bulk Purchases					
Electricity	508,400	534,400	534,007	393	
Street Lighting	335,000	332,600	332,491	109	
Telephone	107,000	107,000	103,434	3,566	
Gas	99,400	99,400	72,506	26,894	
Fuel Oil	20,000	20,000	15,662	4,338	
Gasoline	335,000	305,000	287,331	17,669	
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	1,101,474	53,526	
Uniform Construction Code:					
Construction Code Official:					
Salaries and Wages	815,200	815,200	797,768	17,432	
Other Expenses	10,950	10,950	4,539	6,411	
Public Defender					
Salaries and Wages	5,200	5,200	4,920	280	
Total Operations within "CAPS"	28,961,147	28,961,147	27,246,850	1,714,297	
B. Contingent	1,000	1,000		1,000	
Total Operations Including Contingent-within "CAPS"	28,962,147	28,962,147	27,246,850	1,715,297	
Detail:					
Salaries & Wages	16,155,747	16,137,747	15,367,265	770,482	
Other Expenses (Including Contingent)	12,806,400	12,824,400	11,879,585	944,815	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	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					
Prior Years Bills:					
Police - Other Expenses	1,838	1,838	1,838		
Roads - Other Expenses	120	120	120		
Ambulance - Other Expenses	1,500	1,500	1,500		
Deficit in Payroll Account	1,400	1,400	1,400		
(2) STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	904,603	904,603	904,603		
Social Security System (O.A.S.I.)	976,000	976,000	976,000		
Consolidated Police and Firemen's Pension	37,850	37,850	37,715	135	
Police and Firemen's Retirement System of N.J.	1,350,675	1,350,675	1,350,675		
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	3,273,986	3,273,986	3,273,851	135	
Total General Appropriations for Municipal Purposes within "CAPS"	32,236,133	32,236,133	30,520,701	1,715,432	
Passaic Valley Sewer Commission:					
Share of Costs	1,870,000	1,870,000	1,850,116	19,884	
Maintenance of Free Public Library	2,284,932	2,284,932	2,281,359	3,573	
LOSAP Program					
Contribution	81,000	81,000	72,709	8,291	
Health Benefits Exception	688,800	688,800		688,800	
Pension Exception - PERS	130,766	130,766	130,766		
Pension Exception - PFRS	78,599	78,599	78,599		
Recycling Tax Appropriation	38,000	38,000	35,155	2,845	
Total Other Operations - Excluded from "CAPS"	5,172,097	5,172,097	4,448,704	723,393	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Public and Private Programs Offset by Revenues					
Municipal Alliance Against Alcohol and Drug Abuse Other Expenses	15,759	15,759	15,759		
Matching Funds for Grants:					
Municipal Alliance Against alcohol and Drug Abuse	3,950	3,950	3,950		
Public Health Priority Funding:					
Other Expenses	8,681	8,681	8,681		
Clean Communities Grant (N.J.S.A. 13:1e-99.2)	47,855	47,855	47,855		
Click It or Ticket 2010	4,000	4,000	4,000		
Bullet Proof Vest Grant	4,200	4,200	4,200		
Matching Funds for Grants:					
Bullet Proof Vest Grant	4,200	4,200	4,200		
Body Armor Grant	2,063	2,063	2,063		
Cops in Shops Grant	4,500	4,500	4,500		
Emergency Management Assistance Funding	5,000	5,000	5,000		
Forestry Grant	3,000	3,000	3,000		
Matching Funds for Grants:					
Forestry Grant	1,500	1,500	1,500		
Flood Insurance Grant	27,975	27,975	27,975		
Matching Funds for Grants					
Flood Insurance Grant	9,325	9,325	9,325		
Secure Our Schools	5,075	5,075	5,075		
Total Public and Private Programs Offset by Revenues	147,083	147,083	147,083		
Total Operations-Excluded from "CAPS"	5,319,180	5,319,180	4,595,787	723,393	
Detail:					
Salaries and Wages	9,500	9,500	9,500		
Other Expenses	5,309,680	5,309,680	4,586,287	723,393	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2010

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Capital Improvement Fund	175,000	175,000	175,000		
Total Capital Improvements Excluded from "CAPS"	175,000	175,000	175,000		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	2,350,000	2,350,000	2,350,000		360,000
Payment of Note Principal	360,000	360,000			104,269
Interest on Bonds	531,000	531,000	426,731		96,562
Interest on Notes	366,000	366,000	269,438		
Green Trust Loan Program:					
Payment of Bond Principal	450,000	450,000	443,941		6,059
Interest on Bonds	645,000	645,000	576,840		68,160
Total Municipal Debt Service-Excluded from "CAPS"	4,702,000	4,702,000	4,066,950		635,050
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	10,196,180	10,196,180	8,837,737	723,393	635,050
Subtotal General Appropriations	42,432,313	42,432,313	39,358,438	2,438,825	635,050
Reserve for Uncollected Taxes	3,300,000	3,300,000	3,300,000		
Total General Appropriations	\$ 45,732,313	\$ 45,732,313	\$ 42,658,438	\$ 2,438,825	\$ 635,050
Reserve for Uncollected Taxes \$			3,300,000		
Federal and State Grants			147,083		
Encumbrances			1,083,940		
Cash			38,127,415		
			\$ 42,658,438		

See accompanying notes to the financial statements.

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2010 and 2009

	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Trust Fund:			
Prepaid Licenses	B-2	1,168	1,498
Animal Trap Deposits	B-3	6,265	5,928
Due to State of New Jersey	B-4	281	379
Interfund Accounts Payable	B-5	12,083	11,896
Reserve for Animal Trust Fund Expenditures	B-9	<u>29,425</u>	<u>26,197</u>
		<u>49,222</u>	<u>45,898</u>
Other Trust Fund:			
Due to State of New Jersey	B-4	580	570
Interfund Accounts Payable	B-5	82,455	53,988
Sundry Reserve and Deposits	B-6	190,058	190,690
Escrow Reserves and Deposits	B-7	365,976	396,021
Donation Reserves and Deposits	B-8	<u>95,041</u>	<u>72,632</u>
		<u>734,110</u>	<u>713,901</u>
Unemployment Compensation Insurance Trust Fund:			
Due to State of New Jersey	B-4	28,421	6,952
Reserve for Unemployment Compensation Insurance Expenditures	B-10	<u>59,965</u>	<u>100,687</u>
		<u>88,386</u>	<u>107,639</u>
Self-Insurance Trust Fund:			
Reserve for:			
Worker's Compensation Expenditures	B-11	268,906	236,252
Self-Insurance Expenditures	B-12	471,573	129,534
Health Benefits Plan	B-13	<u>419</u>	<u></u>
		<u>740,898</u>	<u>365,786</u>
Free Public Library Trust Fund:			
Reserve for Library Trust Expenditures	B-14	20,197	19,854
Reserve for Restricted Trust Expenditures	B-15	<u>92,471</u>	<u>92,471</u>
		<u>112,668</u>	<u>112,325</u>
Cafeteria Plan Trust Fund:			
Interfund Accounts Payable	B-5	306	186
Reserve for Cafeteria Plan Expenditures	B-16	<u>9,793</u>	<u>7,456</u>
		<u>10,099</u>	<u>7,642</u>

BOROUGH OF FAIR LAWN, N.J.
 Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2010 and 2009

<u>Liabilities, Reserves & Fund Balance (Cont...)</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Net Assets Available for Benefits	B-18	<u>678,227</u>	<u>557,110</u>
		<u>\$ 2,413,610</u>	<u>1,910,301</u>

See accompanying notes to financial statements.

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2010 and 2009

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Cash	C-2/C-3	\$ 1,654,986	2,809,961
Grants Receivable:			
State and County Grants	C-4	543,276	390,848
Federal Grants	C-5	223,090	194,699
Interfunds Receivable:			
Federal and State Grant Fund	C-17	74,247	
Deferred Charges to Future Taxation:			
Funded	C-6	31,935,000	21,145,000
Unfunded	C-7	<u>11,931,588</u>	<u>24,059,070</u>
		<u>\$ 46,362,187</u>	<u>48,599,578</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	\$ 20,620,000	9,555,000
Capital Leases Payable	C-9	11,315,000	11,590,000
Encumbrances Payable	C-10	650,835	659,568
Bond Anticipation Notes Payable	C-11		13,416,301
Reserve for Payment of Debt	C-12	26,139	26,139
Improvement Authorizations:			
Funded	C-13	1,527,312	1,174,179
Unfunded	C-13	10,171,303	10,542,861
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	171,182	64,076
Interfunds Payable:			
Current Fund	C-17	26,497	
Water Utility Operating Fund	C-17	4,690	4,690
Reserve for Grants Receivable	C-18	18,243	18,243
Fund Balance	C-1	<u>1,813,772</u>	<u>1,531,307</u>
		<u>\$ 46,362,187</u>	<u>48,599,578</u>

There were \$11,931,588 and \$10,642,769 of Bonds and Notes Authorized But Not Issued on December 31, 2010 and 2009 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, 2010 and 2009

Balance - December 31, 2009	\$ 1,531,307
Increased by:	
Premium on serial bonds	<u>282,465</u>
Balance - December 31, 2010	<u><u>\$ 1,813,772</u></u>

See accompanying notes to the financial statements.

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2010 and 2009

<u>Assets</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ 900,507	407,031
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-9	546,643	340,802
Inventory - Materials and Supplies	D-10	64,044	85,929
		<u>610,687</u>	<u>426,731</u>
Interfund Accounts Receivable	D-7	268,222	4,690
Deferred Charges:			
Emergency Appropriation	D-8	375,000	
Deficit in Operations	D-8		253,269
		<u>375,000</u>	<u>253,269</u>
Total Water Utility Operating Fund		<u>2,154,416</u>	<u>1,091,721</u>
Capital Fund:			
Cash - Treasurer	D-5,D-6	46,322	5,187
Fixed Capital	D-11	11,898,999	11,898,999
Fixed Capital Authorized and Uncompleted	D-12	6,429,325	6,270,825
Interfund Receivable - Water Utility Operating	D-20		162,151
Total Capital Fund		<u>18,374,646</u>	<u>18,337,162</u>
		<u>\$ 20,529,062</u>	<u>19,428,883</u>

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2010 and 2009

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2010</u>	<u>2009</u>
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-13	320,431	102,953
Reserve for Encumbrances	D-4	214,601	163,274
Interfund Accounts Payable	D-7	85,626	187,777
Accounts Payable	D-14	3,234	3,234
Water Rent Overpayments	D-15	11,085	5,281
Accrued Interest on Bonds	D-16	31,589	14,928
Reserve for Supervisors Contract	D-17	7,200	
		<u>673,766</u>	<u>477,447</u>
Reserve for Receivables	Contra	610,687	426,731
Fund Balance	D-1	869,963	187,543
		<u>2,154,416</u>	<u>1,091,721</u>
Total Water Utility Operating Fund			
Capital Fund:			
Due to Water Utility Operating Fund	D-20	263,532	
Serial Bonds Payable	D-24	2,956,000	966,000
Bond anticipation notes payable	D-25		2,248,699
Improvement authorization:			
Encumbrances	D-18		50,194
Funded	D-19	60,336	6,170
Unfunded	D-19	1,580,215	1,540,878
Capital Improvement Fund	D-21	9,500	5,500
Reserve for:			
Amortization	D-22	12,486,444	12,231,444
Deferred Amortization	D-23	921,262	913,262
Fund Balance	D-2	97,357	375,015
		<u>18,374,646</u>	<u>18,337,162</u>
		<u>\$ 20,529,062</u>	<u>19,428,883</u>

There were \$2,004,851 and \$1,854,351 of Bonds and Notes Authorized But Not Issued on December 31, 2010 and 2009 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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Revenue and other income:		
Water rents	\$ 5,558,810	4,613,454
Miscellaneous Revenue	5,965	10,742
Budgeted Water Capital Surplus	323,641	300,000
Accrued Interest on Bonds		41,455
Unexpended balance appropriation reserve	<u>104,220</u>	<u>165,818</u>
Total revenue and other income	<u>5,992,636</u>	<u>5,131,469</u>
Expenditures:		
Operating	4,902,400	4,465,600
Capital improvements	12,000	14,000
Debt service	359,285	454,000
Deferred charges and statutory expenditures	158,262	230,986
Deficit in Operations in Prior Year	<u>253,269</u>	<u>220,152</u>
Total expenditures	<u>5,685,216</u>	<u>5,384,738</u>
Excess(Deficit) in revenues	307,420	(253,269)
Adjustments to Income before Surplus:		
Expenditures included above which are Statute Deferred Charges to Budget of Succeeding Year		
Emergency Authorizations	<u>375,000</u>	<u> </u>
Operating Deficit to be Raised in Budget of Succeeding Year		<u>(253,269)</u>
Statutory excess to Surplus	682,420	
Fund balance, January 1	<u>187,543</u>	<u>187,543</u>
Balance, December 31	<u>\$ 869,963</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, 2010 and 2009

Balance, December 31, 2009	\$ 375,015
Increased by:	
Premium on Sale of Bonds	<u>45,983</u>
	420,998
Decreased by:	
Budget Revenue	<u>323,641</u>
Balance, December 31, 2010	<u><u>\$ 97,357</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, 2010

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Rents	\$ 4,613,474	5,119,561	506,087
Miscellaneous	10,742	5,965	(4,777)
Rents - Additional	439,249	439,249	
Water Capital Surplus	<u>323,641</u>	<u>323,641</u>	
	<u>\$ 5,387,106</u>	<u>5,888,416</u>	<u>501,310</u>

Analysis of Realized Revenue

Rents	\$ 5,558,810
Water Capital Surplus	<u>323,641</u>
	<u>5,882,451</u>
Interest on Investments	3,598
Due from Water Capital Fund - Interest on investments	42
Other miscellaneous	<u>2,325</u>
	<u>\$ 5,965</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, 2010

	<u>Appropriations</u>				
	<u>Budget</u>	<u>Budget after modifi- cation</u>	<u>Paid or charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and Wages	\$ 2,065,000	2,065,000	2,008,807	56,193	
Other Expenses	<u>2,462,400</u>	<u>2,837,400</u>	<u>2,573,162</u>	<u>264,238</u>	
Total Operating	<u>4,527,400</u>	<u>4,902,400</u>	<u>4,581,969</u>	<u>320,431</u>	
Capital Improvements:					
Capital Improvement Fund	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>		
Total Capital Improvements	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>		
Debt Service:					
Payment of Bond Principal	255,000	255,000	255,000		
Payment of Bond Anticipation Note Principal	49,400	49,400			49,400
Interest on Bonds	48,855	48,855	48,855		
Interest on Bond Anticipation Notes	<u>56,200</u>	<u>56,200</u>	<u>56,200</u>		
Total Debt Service	<u>409,455</u>	<u>409,455</u>	<u>360,055</u>		<u>49,400</u>
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures - Contribution to: Social Security System (O.A.S.I.)	<u>158,262</u>	<u>158,262</u>	<u>158,262</u>		
Total Deferred Charges and Statutory Expenditures	<u>158,262</u>	<u>158,262</u>	<u>158,262</u>		
Deficit in Operations in Prior Years	<u>279,989</u>	<u>279,989</u>	<u>253,269</u>		<u>26,720</u>
	<u>\$ 5,387,106</u>	<u>5,762,106</u>	<u>5,365,555</u>	<u>320,431</u>	<u>76,120</u>
	Adopted Budget \$ 5,387,106	Emergency Appropriations <u>375,000</u>			
		<u>\$ 5,762,106</u>			
		Cash Disbursed \$ 4,420,370			
		Reserve for Encumbrances 214,601			
		Interfunds 613,529			
		Accrued Interest on Bonds 105,055			
		Capital Improvement Fund <u>12,000</u>			
			<u>\$ 5,365,555</u>		

See accompanying notes to financial statements.

BOROUGH OF FAIR LAWN, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>General Fixed Assets:</u>		
Land	\$ 11,169,750	11,169,750
Buildings	41,230,799	41,230,799
Machinery and Equipment	<u>12,425,900</u>	<u>12,605,784</u>
	<u>\$ 64,826,449</u>	<u>65,006,333</u>
Investment in Fixed Assets	<u>\$ 64,826,449</u>	<u>65,006,333</u>

See accompanying notes to financial statements.

BOROUGH OF FAIR LAWN, N.J.

Comparative Statement of Net Payroll and Withholdings Payable

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash		
Net Payroll	\$ 20,920	1,465
Due from Current Fund		1,085
Deficit in Payroll Account		<u>1,001</u>
	<u>\$ 20,920</u>	<u>3,551</u>
 <u>Liabilities:</u>		
Withholdings	\$ 12,342	
Due to Current Fund	5,027	
Due to Unemployment Compensation Trust Fund	<u>3,551</u>	<u>3,551</u>
	<u>\$ 20,920</u>	<u>3,551</u>

See accompanying notes to financial statements.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009

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, 2010 and 2009
(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, 2010 and 2009
(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, 2010 and 2009
(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. In addition, several budget transfers were approved by the governing body.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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, 2010 and 2009
(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, 2010 and 2009
(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 Firemen's 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 Firemen's 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, 2010 and 2009
(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 required to be 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 1/55th 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. 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.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

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

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

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 compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. 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.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

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, 2010 and 2009
(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, 2010	\$1,035,369	\$1,429,274
December 31, 2009	874,012	1,304,973
December 31, 2008	680,463	1,178,672

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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, 2010 and 2009
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2010 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable:					
General Obligation Debt	\$9,555,000	\$13,415,000	\$2,350,000	\$20,620,000	\$1,750,000
Water Utility Obligation Debt	<u>966,000</u>	<u>2,245,000</u>	<u>255,000</u>	<u>2,956,000</u>	<u>360,000</u>
Total Bonds Payable	<u>10,521,000</u>	<u>15,660,000</u>	<u>2,605,000</u>	<u>23,576,000</u>	<u>2,110,000</u>
Other Liabilities:					
Capital Leases Payable	11,590,000		275,000	11,315,000	285,000
Compensated Absences Payable	<u>1,645,621</u>	<u>98,173</u>	<u>84,532</u>	<u>1,659,262</u>	<u>285,000</u>
Total Other Liabilities	<u>13,235,621</u>	<u>98,173</u>	<u>359,532</u>	<u>12,974,262</u>	<u>285,000</u>
	<u>\$23,756,621</u>	<u>\$15,758,173</u>	<u>\$2,964,532</u>	<u>\$36,550,262</u>	<u>\$2,395,000</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 2010</u>	<u>Year 2009</u>	<u>Year 2008</u>
Issued:			
General Bonds and Notes	\$20,620,000	\$22,971,301	\$23,644,645
Water Utility Bonds and Notes	<u>2,956,000</u>	<u>3,214,699</u>	<u>3,515,355</u>
	<u>23,576,000</u>	<u>26,186,000</u>	<u>27,160,000</u>
Authorized But Not Issued:			
General Bonds and Notes	11,931,588	10,642,769	8,063,269
Water Utility Bonds and Notes	<u>2,004,851</u>	<u>1,854,351</u>	<u>1,574,351</u>
	<u>13,936,439</u>	<u>12,497,120</u>	<u>9,637,620</u>
Total Bonds and Notes	37,512,439	38,683,120	36,797,620
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>\$37,486,300</u>	<u>\$38,656,981</u>	<u>\$36,771,481</u>

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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 .63%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$21,509,529	\$21,509,529	\$0
Water Utility	4,960,851	4,960,851	0
General Debt	<u>32,551,588</u>	<u>26,139</u>	<u>32,525,449</u>
	<u>\$59,021,968</u>	<u>\$26,496,519</u>	<u>\$32,525,449</u>

Net debt of \$32,525,449 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$5,173,144,209 equals .63%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$181,060,047
Net Debt	<u>32,525,449</u>
Remaining Borrowing Power	<u>\$148,534,598</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	\$5,888,416
Deductions:	
Operating and Maintenance Cost	\$5,060,662
Debt Service per Water Account	<u>360,055</u>
Total Deductions	<u>5,420,717</u>
Excess in Revenue - "Self Liquidating"	<u>\$467,699</u>

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's long-term debt consisted of the following at December 31, 2010:

Paid by Current Fund:

General Obligation Bonds

\$15,225,000, 2001 Bonds due in annual installments of \$675,000.00 to \$1,205,000 through June 2017, interest at 4.00 to 4.625%	\$7,205,000
--	-------------

\$13,415,000, 2001 Bonds due in annual installments of \$550,000 to \$1,250,000 through December 2026, interest at 3.00% to 4.00%	<u>13,415,000</u>
---	-------------------

Total General Serial Bonds	<u>20,620,000</u>
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Paid by Water and Sewer Utility Fund:

Water and Sewer Utility Serial Bonds

\$2,621,000, 1997 Bonds due in annual installments of \$110,000 to \$166,000 through August, 2012, interest at 4.70%	\$366,000
--	-----------

\$715,000 2001 Bonds due in annual installments of \$35,000 to \$60,000 through June 2017, interest at 4.250% to 4.700%	345,000
---	---------

\$2,245,000, 2010 Bonds due in annual installments of \$105,000 to \$200,000 through December 2022, interest at 3.000% to 3.500%	<u>2,245,000</u>
--	------------------

Total Water and Sewer Utility Bonds	<u>2,956,000</u>
-------------------------------------	------------------

Total Serial Bonds	<u>\$23,576,000</u>
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BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

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>
2011	\$2,982,187	\$1,750,000	\$769,625	\$360,000	\$102,562
2012	2,905,717	1,750,000	702,125	366,000	87,592
2013	2,742,575	1,775,000	634,625	260,000	72,950
2014	2,737,685	1,850,000	563,375	260,000	64,310
2015	2,730,485	1,925,000	489,875	260,000	55,610
2016-2020	8,429,750	5,630,000	1,584,900	1,050,000	164,850
2021-2025	6,099,894	4,915,000	763,894	400,000	21,000
2026	<u>1,066,000</u>	<u>1,025,000</u>	<u>41,000</u>		
	<u>\$29,694,293</u>	<u>\$20,620,000</u>	<u>\$5,549,419</u>	<u>\$2,956,000</u>	<u>\$568,874</u>

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

At December 31, 2010 the Borough had authorized but not issued debt as follows:

General Capital Fund	\$11,931,588
Water Utility Capital Fund	2,004,851

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, 2010.

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
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	806,156	325,000	481,156
2016-2020	4,025,901	1,825,000	2,200,901
2021-2025	4,023,413	2,250,000	1,773,413
2026-2030	4,021,000	2,865,000	1,156,000
2031-2034	<u>3,215,000</u>	<u>2,850,000</u>	<u>365,000</u>
	<u>\$19,318,802</u>	<u>\$11,315,000</u>	<u>\$8,003,802</u>

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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, 2010 were \$205,604. Future minimum lease payments are as follows:

<u>Year ending December 30,</u>	<u>Amount</u>
2011	\$205,604
2012	205,604
2013	205,604
2014	2,056,074
2015	<u>93,373</u>
Total minimum lease payments	2,766,259
Less: Accumulated interest	<u>81,236</u>
 Present value of minimum lease payments	 <u><u>\$2,685,023</u></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, 2010, the Borough had \$-0- in General Capital and \$-0- in Water Capital bond anticipation notes outstanding.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 6. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2010.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Jefferies & Company	<u>\$15,665,000</u>	<u>\$</u>	<u>\$15,665,000</u>	<u>\$0</u>

NOTE 7. FUND BALANCE APPROPRIATED

The fund balances at December 31, 2010 which have been appropriated as revenue in the 2011 budgets are as follows:

Current Fund	\$3,133,525
Water Utility Operating Fund	147,636

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 \$1,659,262 as of December 31, 2010. 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-18. The reserve balance as of December 31, 2010 was the sum of \$1,101,922.

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, 2010, \$- of the Borough's bank balance of \$18,220,082 was exposed to custodial credit risk.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

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

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, 2010 and 2009 amounted to \$612,455 and \$484,401, respectively.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Fixed Account Plus	\$44,429	\$37,809
Health Sciences Fund	28,645	23,023
Mid Cap Value Fund	43,749	33,162
Money Market I Fund	122,547	108,752
Vanguard Lifestrategy - Growth	116,530	91,669
Vanguard Lifestrategy Modera	29,932	25,049
All Others	<u>226,623</u>	<u>164,937</u>
Total	<u>\$612,455</u>	<u>\$484,401</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, except for the following case:

“On January 22, 2008, a Complaint and Jury Demand was filed against the Borough and Police Chief Eric Rose by Police Sergeant Michael Messina. Sergeant Messina alleged that he sought a “desk audit” of his police duties with the New Jersey Department of Personnel on July 19, 2006. In sum, Sergeant Messina alleged that he was performing the duties of a Lieutenant while being compensated as a Sergeant. This desk audit ultimately failed, and plaintiff attributed the blame for this failure to Chief Rose. Plaintiff further alleged that as a result of his filing of the desk audit, he suffered various adverse employment actions. The adverse employment actions alleged by the plaintiff consist of alleged derogatory comments by Chief Rose, removal from the Detective Bureau and reassignment to Patrol Bureau, and initiation of allegedly meritless disciplinary charges against the Plaintiff.

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 10. LITIGATION, (continued)

This matter was tried before a jury from February 22, 2010 through March 4, 2010. The jury returned a verdict against the Borough for compensatory damages of \$419,000.00 and punitive damages of \$126,548.00. Additionally, the court, in the order for judgment, awarded Plaintiff's attorneys fees of \$160,941.29, a mark up for negative tax consequences of \$73,971.00 pre-judgment interest of \$34,864.35. The total award to the Plaintiff is \$815,324.67. Under the Borough's MEL coverage, the verdict award for the economic damages portion of the compensatory damages claim in the amount of \$100,000.00 and plaintiff's attorneys fees of \$160,941.29 are insured claims. The Borough's uninsured liability is \$554,383.38. The Borough and MEL elected to appeal these verdicts.

On July 11, 2011, the Appellate Division, by unanimous decision, reversed the April 8, 2010 Order for Judgment in the total amount of \$815,324.67 and remanded the lawsuit back to the Superior Court for further proceedings in accordance with the opinion. A copy of the Appellate Division Decision is attached hereto. Significantly, in accordance with the Appellate Division Decision, in any retrial the award for any economic loss and damages can only accrue from July, 2006 rather than 2001 which was an original basis for the award of damages under the Order of Judgment. Accordingly, it is the opinion of special counsel to the Borough that the compensatory damages award of \$419,000.000 and any other monies and pre-judgment interest arising from that amount will, in any subsequent litigation, be reduced by at least 60%. The Appellate Division further ruled that any claim for punitive damages must also be tried to ensure the award was properly related to the injury and its cause."

NOTE 11. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2010.

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Land	\$11,169,750	\$	\$	\$11,169,750
Buildings and Building Improvement	41,230,799			41,230,799
Machinery and Equipment	<u>12,605,784</u>	<u>80,929</u>	<u>260,813</u>	<u>12,425,900</u>
	<u>\$65,006,333</u>	<u>\$80,929</u>	<u>\$260,813</u>	<u>\$64,826,449</u>

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 12. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2010 consist of the following:

\$61,722	Due to the Current Fund from the Federal and State Grant Fund for reimbursement for expenditures paid.
12,083	Due to the Current Fund from the Animal Control Trust Fund for interest earned on investments and statutory excess from prior year.
82,455	Due to the Current Fund from the Other Trust Fund for interest earned on investments and reimbursement for expenditures paid.
306	Due to the Current Fund from the Cafeteria Plan Trust Fund for interest earned on investments.
5,027	Due to the Current Fund from the Net Payroll Account for excess funds in the account.
26,497	Due to the Current Fund from the General Capital Fund for reimbursement for expenditures paid.
85,626	Due to the Current Fund from the Water Utility Operating Fund for reimbursement for expenditures paid.
45,000	Due to the Unemployment Compensation Insurance Fund from the Current Fund for current year budget appropriations.
3,551	Due to the Unemployment Compensation Insurance Fund from the Payroll Fund for employee share of contributions.
74,247	Due to the General Capital Fund from the Grant Fund for receipts not turned over.
4,690	Due to the Water Utility Operating Fund from the General Capital Fund for reimbursement for expenditures paid.
<u>263,532</u>	Due to the Water Utility Operating Fund from the Water Utility Capital Fund for reimbursement for expenditures paid.
<u>\$664,736</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, 2010 and 2009
(continued)

NOTE 13. 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, 2010.

An unaudited summary of the general liability, health benefits plan 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>	Health Benefits Plan <u>Trust Fund</u>
Balance - December 31, 2009	\$236,252	\$129,534	\$
Receipts	<u>402,034</u>	<u>760,351</u>	<u>1,511,885</u>
	638,286	889,885	1,511,885
Disbursements	<u>369,380</u>	<u>418,312</u>	<u>1,511,466</u>
Balance - December 31, 2010	<u>\$268,906</u>	<u>\$471,573</u>	<u>\$419</u>

BOROUGH OF FAIR LAWN
Notes to Financial Statements
Years Ended December 31, 2010 and 2009
(continued)

NOTE 14. TAXES COLLECTED IN ADVANCE

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

	<u>Balance</u> <u>Dec 31, 2010</u>	<u>Balance</u> <u>Dec 31, 2009</u>
Prepaid Taxes	<u>\$538,405</u>	<u>\$508,485</u>
Cash Liability for Taxes Collected in Advance	<u>\$538,405</u>	<u>\$508,485</u>

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

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

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, 2010 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

Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Tax rate	<u>2.28</u>	<u>2.15</u>	<u>2.10</u>
Apportionment of tax rate:			
Municipal	0.657	0.585	0.588
School	1.426	1.364	1.319
County	<u>0.200</u>	<u>0.204</u>	<u>0.196</u>
* Revaluation			

Assessed Value

2010	\$ 5,070,332,554
2009	5,392,062,818
2008	5,341,579,709

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>
2010	\$ 116,342,968	114,796,203	98.67%
2009	110,091,201	109,016,233	99.02%
2008	107,149,925	106,155,968	99.07%

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>
2010	\$ 1,343,909	21,120	1,365,029	1.17%
2009	988,929	19,438	1,008,367	0.92%
2008	985,196	15,896	1,001,092	0.93%

BOROUGH OF FAIR LAWN, N.J.

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2010 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>
2010	\$	73,260
2009		73,260
2008		73,260

Comparative Schedule of Fund Balance

	<u>Year</u>		<u>Dec. 31</u>	Utilized in budget of succeeding <u>year</u>
Current Fund	2010	\$	4,865,499	3,133,525
	2009		6,920,899	5,000,000
	2008		9,236,538	5,014,214
	2007		9,952,337	5,469,420
	2006		7,560,961	3,400,500
Water Utility Operating Fund	2010		869,963	147,636
	2009		187,543	
	2008		187,543	
	2007		187,543	
	2006		187,543	

BOROUGH OF FAIR LAWN

Supplementary Data

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Type of bond</u>
Joseph Tedeschi	Mayor	
Lisa Swain	Deputy Mayor	
Steven Weinstein	Councilmember	
Jean Baratta	Councilmember	
Edward Trawinski	Councilmember	
Karen Palermo	Finance Officer	(A)
Joanne M. Kwasniewski	Borough Clerk/Acting Borough Manager	(A)
Alice Lee	Tax Collector	(A)
David Lafferty	Magistrate	(A)
Claire Cabibbo	Court Administrator	(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 other employees are covered by a Faithful Performance Blanket Position Bo under the terms of an agreement with the Municipal Excess Joint Insurance Fund in t 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 Federal Awards

For the Year Ended December 31, 2010

Name of Federal Agency or Department of	Federal Program	C.F.D.A. Account No.	Total Grant Award	Grant Year	Balance Dec., 31 2009	Cash Received	Grant Expenditures	Deferred Revenue/ (Accounts Receivable) Dec., 31 2010	MEMO Cumulative Total Expenditures
Department of Environmental Protection	Municipal Stormwater Regulation Program	66.605	15,464	2005	15,464			15,464 *	
Department of Housing and Urban Development Pass Through Funds:									
County of Bergen	Community Development								
	Block Grants:								
	Various Road Improvements, Ord. 1440	14.218	125,000	1991					96,189
	Various Road Improvements, Ord. 1542	14.218	69,100	1993	(8,267)			(8,267) *	69,100
	Barrier-Free Municipal Building, Ord. 1562b	14.218	98,000	1994	367			367 *	37,569
	Barrier-Free Senior Center, Ord. 1601	14.218	60,000	1995	(375)			(375) *	60,000
	Road Resurfacing and Barrier Free								
	Curb Cuts, Ord. 1644	14.218	80,000	1999					73,675
	Imps. to Public Library, Ord. 1704a	14.218	31,940	1997	(13,409)			(13,409) *	31,940
	Memorial Park Rink, Warren Pt. Playground								
	Ord. 1864	14.218	45,000	2001					
	Hearing Center Building								
	Conversion, Ord. 1900	14.218	125,000	2002	(2,442)			(2,442) *	110,020
	Improvements to Senior Center, Ord. 1971	14.218	38,000	2004					35,000
	Senior Center Improvements Ord. 2045	14.218	49,879	2006					29,400
	Roadway Improvements	14.218	108,000	2006					101,681
	Barrier Free Improvements Ord. 2163	14.218	25,000	2009	(25,000)	25,000			25,000
	Senior Center Building Improvements Ord. 2170	14.218	40,000	2010					
Department of Homeland Security	Assistance to Firefighters Grant - FEMA - Ord. 2185		87,638	2010		74,247	82,497	(8,250) *	82,497
	Flood Insurance Grant		27,975	2010					
Department of Law and Public Safety	HINI Grant	93.069	147,022	2,009	(1,397)	97,696	95,675	624 *	97,072
Department of Justice	Cops in Shops	16.727	4,500	2010		4,500	4,500		4,500
	Cops in Shops	16.727	9,500	2010		9,500	9,500		
	Bullet Proof Vest Grant - Ord. 2182		20,088	2010		20,088	20,088		20,088
	Bullet Proof Vest Grant		4,200	2010		4,200	4,200		
			16,705	2010		16,705	16,705		
			(35,059)			251,936	202,760	14,117 *	873,731

Note: This schedule was not subject to a single audit in accordance with OMB circular A-133.

BOROUGH OF FAIR LAWN

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2010

Name of State Agency or Department	State Program / Account No.	Total Grant Award	Grant Year	Balance Dec., 31 2009	Cash Received	Grant Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec., 31 2010	MEMO	
									Cumulative Total Expenditures	Cumulative Total Expenditures
Department of Transportation	Improvement to Plaza Road - Section III - Ord. 1641/1700	350,000	1996/97	13,215		361		13,576	*	308,029
	Improvement to River Road District - Ord. 1735	500,000	1998	2,970				2,970	*	466,115
	Installation of School Warning Flashers at Lyndcrest School - Ord. 1736	20,000	1998	4,144		1,846		5,990	*	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	(100,000)		(18,096)		(81,904)	*	140,000
	Improvement to Pellack Drive - Ord. 2162	100,000	2009						*	100,000
	Improvements to Berdan Ave & Phillips St. - Ord. 2187	115,000	2010			115,000		(115,000)	*	115,000
	Department of Health and Senior Services	Public Health Priority Funding	15,700	2006	(2,456)		8,242		(2,456)	*
		16,052	2007	11,689				3,447	*	12,605
		17,554	2008	1,823				1,823	*	15,741
		17,152	2009	3,078				3,078	*	14,074
Department of Environmental Protection and Energy	Pandemic Influenza Preparedness	8,681	2010		105	7,723		(7,618)	*	7,723
		11,014	2008	60				60	*	10,954
Department of Environmental Protection and Energy	Clean Communities Act	35,867	2008	3,784				3,784	*	35,866
		36,025	2009	2,501		2,184		317	*	35,708
		9,936	2009	9,936		336		9,600	*	336
		47,856	2010		47,856	25,288		22,568	*	25,288
Department of Environmental Protection and Energy (Cont....)	Green Communities Grant	2,000	2002	(330)				(330)	*	2,000
		2,000	2004	2,000				2,000	*	
		3,000	2010						*	
Department of Environmental Protection and Energy (Cont....)	Recycling Tonnage Grant	91,496	2009	91,496				91,496	*	
	Statewide Livable Communities Grant Ord. 1951	252,500	2003						*	216,366
Department of Environmental Protection and Energy (Cont....)	Granular Activated Carbon Demo Project	1,000,000	2007	21,400		(9)		21,409	*	178,591
	Alcohol Education and Rehabilitation	970	PY	970				970	*	
	2,576	2006	2,576				2,576	*		
	1,253	2009	1,253				1,253	*		

BOROUGH OF FAIR LAWN

Schedule of Expenditures of State Awards
For the Year Ended December 31, 2010

Name of State Agency or Department	State Program	Name of Program	State Program / Account No.	Total Grant Award	Grant Year	Balance Dec., 31 2009	Cash Received	Grant Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec., 31 2010	MEMO
											Cumulative Total Expenditures
		Green Acres - Open Space		450,000	2008		804			804	*
		New Jersey Highway Safety Project Grant Over the Limit Under Arrest	1160-100-066-1160-111-YHTS-6010	5,075	2010		5,036	5,036		4,400	*
			1160-100-066-1160-111-YHTS-6010	4,400	2010		4,400				*
		Click it or Ticket		4,000	2010		4,000			4,000	*
		Speed/Aggressive Driving Enforcement		7,500	2006	(3,500)				(3,500)	*
		Body Armor Replacement Grant - Ord. 2182		14,412	2010		14,412	14,412			*
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	(5,611)		24,669		(30,280)	*
			1020-718-066-1020-001-YCJS	22,809	2006	17,613				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	*
			1020-718-066-1020-001-YCJS	2,063	2010		2,063			2,063	*
			1020-718-066-1020-001-YCJS	5,389	2010		5,389			5,389	*
		Drunk Driving Enforcement Fund	4230-100-046-4750-241	8,289	2006	1,923		1,283		640	*
			4230-100-046-4750-241	19,920	2007	11,385		8,096		11,386	*
			4230-100-046-4750-241	9,845	2008	9,845				1,749	*
			4230-100-046-4750-241	4,156	2008	4,156				4,156	*
			4230-100-046-4750-241	9,068	2009	9,068				9,068	*
			4230-100-046-4750-241	21,154	2010		21,154			21,154	*
		Statewide Local Domestic Preparedness Program	1020-100-066-1020-354	100,000	2003	(4,197)				(4,197)	*
			1020-100-066-1020-354	20,000	2005	(14,684)				(14,684)	*
Department of Law and Public Safety, (cont.)		Emergency Management Assistance Fund		5,000	PY 2008	181				181	*
				5,000	2009	5,000		5,000		5,000	*
				5,000	2010		5,000			5,000	*
		Emergency Preparedness		2,500	2009						*
		Underage Drinking		1,177	2009	1,177				1,177	*
Department of Community Affairs		Statewide Livable Communities Grant: Library Improvements - Ord. 2021		23,000		(22,959)				(22,959)	*

BOROUGH OF FAIR LAWN

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2010

Name of State Agency or Department	State Program	State Program / Account No.	Total Grant Award	Grant Year	Balance Dec. 31 2009	Cash Received	Grant Expenditures	Adjustment	Deferred Revenue/ (Accounts Receivable) Dec. 31 2010	MEMO Cumulative Total Expenditures
	Domestic Violence Training Program	100-006-1020-246-FY06 100-006-1020-246-FY07	3,500 7,060	2006 2007	(3,500) (1,286)				(3,500) (1,286)	3,500 1,955
	Smart Future Growth Grant		7,000	2009						
	Recreation for Individuals with Disabilities Grant	100-022-8050-035	7,300	2003	6,860				6,860	440
	Total State				53,945	110,219	194,164	7,207	(22,793)	2,332,485
County of Bergen	Municipal Alliance on Alcoholism and Drug Abuse		17,500	2008	(6,711)		1,010		(7,721)	11,160
	Municipal Recycling Assistance Program		16,765	2009	(15,495)	14,412	12,220		(15,495)	15,495
	Open Space Preservation Trust Fund		15,759	2010					2,192	1,220
	Ball Field Improvements - Ord. 1988		21,859	2007	605				605	
	Berdan Grove Basketball Lighting - Ord. 2055		100,000	2004	(3,330)				(3,530)	35,508
	Installation of Athletic Field and Pool Fencing - Ord. 2156		17,500	2006			26,668		(26,668)	14,168
	Construction of Warren Point Skate Park - Ord. 2188		56,500	2009						51,668
	Department of Public Works:		30,000	2010						
	County-wide ADA ramps/curbs/sidewalks - Ord. 2183		88,270	2010		80,842	80,843		(1)	80,843
	Police Grant		2,250	2010		2,250			2,250	
	Drunk Driving		28,228	2009	15,649		6,272		9,377	14,189
	Bergen County Arts Grant Program		1,295	2004	323				323	972
	Total County				(9,159)	97,504	127,013		(38,668)	
	Total State and County				44,786	207,723	321,177	7,207	(61,461)	2,332,485

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

BOROUGH OF FAIR LAWN, N.J.
Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2010

	<u>Current Fund</u>	<u>Federal and State Grant Fund</u>
Balance - December 31, 2009	\$ 13,282,038	352,210
Increased by Receipts:		
Taxes Receivable	114,797,733	
Miscellaneous Revenue Not Anticipated	494,715	
Tax Title Liens	5,073	
Prepaid Revenue	49,469	
Change Funds	66,000	
Petty Cash	1,100	
Due from State - Senior Citizen and Veteran Deductions	416,253	
Construction Code Training Fees	33,284	
Revenue Accounts Receivable	6,360,843	
Interfunds	677,701	74,247
Tax Overpayments	365,013	
Prepaid Taxes	538,405	
Library	70,453	
Grants Receivable		129,370
Unappropriated Grants		60,202
Various Reserves	659,791	
Interest		4,496
	124,535,833	268,315
	137,817,871	620,525
Decreased by Disbursements:		
Current Year Budget Appropriations	38,127,415	
Change Funds	65,656	
Petty Cash	1,100	
Tax Overpayments	341,773	
Interfunds	824,352	114,325
Construction Code Training Fees	23,117	
Appropriation Reserves	1,288,824	
Local District School Taxes	72,306,304	
County Taxes Payable	10,116,093	
Special District Taxes	268,200	
Library	107,979	
Accounts Payable	38,310	
Grants		134,107
Prior Year Revenue Refunds	304,394	
Various Reserves	831,075	
	124,644,592	248,432
Balance - December 31, 2010	\$ 13,173,279	372,093

Exhibit A-5

BOROUGH OF FAIR LAWN, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$	6,815
Increased by:		
Receipts		<u>66,000</u>
		72,815
Decreased by:		
Disbursements		<u>65,656</u>
Balance - December 31, 2010	\$	<u><u>7,159</u></u>
<u>Analysis of Balance:</u>		
Tax Collector	\$	300
Treasurer - ATM		6,504
Municipal Court		200
Police Department		25
Building Inspector		25
Sanitation		25
Free Public Library		<u>80</u>
	\$	<u><u>7,159</u></u>

Exhibit A-6

Schedule of Cash - Petty Cash

Current Fund

Year Ended December 31, 2010

Increased by:		
Disbursed	\$	<u>1,100</u>
Decreased by:		
Returned to Treasurer	\$	<u><u>1,100</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, 2010

Balance - December 31, 2009		\$ (151,688)
Increased by:		
Senior Citizens' Deductions Per Tax Billing	\$ 98,250	
Veterans' Deductions Per Tax Billing	326,750	
Senior Citizen's and Veteran's Allowed - 2010	8,250	
Senior Citizen's and Veteran's Allowed - 2009	<u>500</u>	
		<u>433,750</u>
		282,062
Decreased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	416,253	
Senior Citizen's and Veteran's Disallowed - 2010	9,344	
Senior Citizen's and Veteran's Disallowed - 2009	<u>15,573</u>	
		<u>441,170</u>
Balance - December 31, 2010		\$ <u><u>(159,108)</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2010

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2009</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2010</u>
Current Fund	\$ (79,365)	155,998	138,355	(61,722)
General Capital Fund	<u> </u>	<u>34,500</u>	<u>108,747</u>	<u>(74,247)</u>
	<u>\$ (79,365)</u>	<u>190,498</u>	<u>247,102</u>	<u>(135,969)</u>

Cash Receipts	\$		74,247
Cash Disbursements		114,325	
Reimbursement for Expenses Paid		78,573	168,359
Interest on Investments		<u> </u>	<u>4,496</u>
	\$	<u>192,898</u>	<u>247,102</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

		Current Fund								
		Year Ended December 31, 2010								
Year	Balance, Dec. 31, 2009	Levy	Added Taxes	Collected 2009	Collected 2010	Overpayments Applied	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2010
2009	988,929				997,339		(15,073)	5,073	1,590	
	988,929				997,339		(15,073)	5,073	1,590	
2010		116,111,203	231,765	508,485	113,800,394	34,228	423,906	1,682	230,364	1,343,909
	\$ 988,929	116,111,203	231,765	508,485	114,797,733	34,228	408,833	6,755	231,954	1,343,909

Analysis of Tax Levy

Tax yield:	
General Purpose Tax	\$ 115,843,003
Special District Taxes	268,200
Added Tax (R.S. 54:4-63.1 et seq.)	226,971
Omitted Tax (R.S. 54:4-63.12 et seq.)	4,794
	\$ 116,342,968
Tax Levy:	
Local District School Tax	\$ 72,306,304
County Tax	\$ 9,966,382
County Open Space Preservation	129,001
County Added and Omitted Taxes	20,685
	10,116,068
Municipal Open Space Tax	268,709
Special District Taxes	268,200
	82,959,281
Local Tax for Municipal Purposes	33,060,662
Additional Taxes	323,025
	\$ 116,342,968

BOROUGH OF FAIR LAWN, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$ 19,438
Increased by:	
Transfers from Taxes Receivable	<u>6,755</u>
	26,193
Decreased by:	
Redemptions	<u>5,073</u>
Balance - December 31, 2010	<u><u>\$ 21,120</u></u>

Schedule of Other Liens Receivable

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$ <u>275</u>
Balance - December 31, 2010	<u><u>\$ 275</u></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><u>\$ 275</u></u>

BOROUGH OF FAIR LAWN, N.J.

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

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$ <u>73,260</u>
Balance - December 31, 2010	\$ <u><u>73,260</u></u>

BOROUGH OF FAIR LAWN, N.J.
Schedule of Revenue Accounts Receivable
Current Fund
Year Ended December 31, 2010

	<u>Balance</u> <u>Dec. 31, 2009</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2010</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	43,205	43,205	
Other		56,974	56,974	
Fees and Permits		252,887	252,887	
Municipal Court :				
Fines and Costs	28,177	289,754	298,197	19,734
Treasurer:				
Cablevision Franchise Fees	290,293	270,534	263,788	297,039
Verizon Franchise Fees	66,495	119,383	93,000	92,878
Interest and Costs on Taxes		202,934	202,934	
Tax and Assessment Searches		90	90	
Memorial Pool		279,585	279,585	
Sewer User Charges		43,285	43,285	
Consolidated Municipal Property Tax				
Relief Aid		226,560	226,560	
Energy Receipts Tax		3,517,973	3,517,973	
Uniform Construction Code Fees		650,678	650,678	
Uniform Fire Safety Act - Local		208,193	208,193	
Hotel Tax		121,156	121,156	
Interest on Investments and Deposits		145,407	145,407	
	<u>\$ 384,965</u>	<u>6,428,598</u>	<u>6,403,912</u>	<u>409,651</u>

Prepaid Revenues	\$ 43,069
Cash	<u>6,360,843</u>
	<u>\$ 6,403,912</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2010

<u>Fund</u>	Due from/(to) Balance Dec. 31, 2009	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance Dec. 31, 2010
Federal and State Grant Fund	\$ 79,365	138,355	155,998	61,722
Animal Control Trust Fund	11,896	187		12,083
Other Trust Fund	53,988	33,467	5,000	82,455
Self-Insurance Trust Funds:				
Worker's Compensation		201,376	201,376	
Self Insurance - Liability		409,130	409,130	
Unemployment Trust Fund	(45,000)	45,000	45,000	(45,000)
General Capital Fund		470,935	444,438	26,497
Water Utility Operating Fund	25,626	359,532	299,532	85,626
Cafeteria Plan Trust Fund	186	120		306
Payroll Fund	(1,085)	6,112		5,027
Claims Fund	78,152	43,081	121,233	
	<u>\$ 203,128</u>	<u>1,707,295</u>	<u>1,681,707</u>	<u>228,716</u>
Due to Current Fund	249,213	1,661,210	1,636,707	273,716
Due from Current Fund	<u>(46,085)</u>	<u>46,085</u>	<u>45,000</u>	<u>(45,000)</u>
	<u>\$ 203,128</u>	<u>1,707,295</u>	<u>1,681,707</u>	<u>228,716</u>
		Cash Receipts \$ 601,528	76,173	
		Cash Disbursements 519,820	304,532	
		Capital Improvement Fund	175,000	
		Principal on Water Utility Bonds 255,000		
		Interest on Water Utility Bonds 44,532		
		Reimbursement for Expense Paid 192,579	811,564	
		Bond Anticipation Notes Interest Payable	269,438	
		Budget Appropriations	45,000	
		Interest on Investments 93,836		
		<u>\$ 1,707,295</u>	<u>1,681,707</u>	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 13,392	392		392
Municipal Clerk	8,628	128		128
Financial Administration	8,726	726		726
Assessment of Taxes	253	253		253
Collection of Taxes	196	196		196
Engineering Services and Costs	998	4,498	4,400	98
Planning Board	170	170		170
Board of Adjustment	46	46		46
Police	459,615	319,615	311,000	8,615
Police Dispatch	28,447	447		447
Emergency Management	166	166		166
Uniform Fire Safety	2,815	3,415	3,400	15
Municipal Court	7,933	3,933	3,600	333
Road Repairs and Maintenance	36,047	4,047	3,600	447
Shade Tree	4,981	4,981	3,600	1,381
Electrical Services	33,152	152		152
Public Buildings and Grounds	10,339	10,339	3,800	6,539
Maintenance of Garage	17,458	17,458	3,500	13,958
Administration of Public Works	847	847		847
Sewer System	6,772	6,772	3,600	3,172
Recycling Program	186,314	636,314	635,500	814
Health Department	17,883	883		883
Administration of Public Assistance	133	133		133
Recreation	33,535	153,535	151,500	2,035
Parks and Playgrounds	12,480	4,480	3,600	880
Terminal Leave		39,000	39,000	
Construction Code Official	19,348	348		348
Total Salaries and Wages Within "CAPS"	910,674	1,213,274	1,170,100	43,174
Other Expenses Within "CAPS":				
Administrative and Executive	3,279	6,788	5,204	1,584
Human Resources	16,995	6,557	5,975	582
Mayor and Council	10,673	70,035	65,159	4,876
Municipal Clerk	666	8,191	1,838	6,353
Financial Administration:				
Other Expenses	4,318	3,246	1,928	1,318
Audit Services	200	200		200
Assessment of Taxes:				
Other Expenses	1,816	41,804	39,575	2,229
Collection of Taxes	2,969	4,811	2,965	1,846
Legal Services and Costs	24,661	29,469	25,187	4,282
Engineering Services and Costs	1,047	1,202	80	1,122
Planning Board	12,343	12,612	4,468	8,144
Board of Adjustment	190	12,900	12,121	779
Insurance:				
Group Insurance Plan for Employee's:				
Hospital Service Insurance	6,245	1,960	1,700	260

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	Balance after Transfers and <u>Encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Other Insurance Premiums	7,398	483	465	18
Police:				
Other Expenses	6,768	49,334	37,963	11,371
Acquisition of Police Cars	754	6,400	5,643	757
Emergency Management Services	3,452	3,500	2,196	1,304
Fire Protection	5,831	22,612	21,352	1,260
Ambulance	2,977	3,187	1,186	2,001
Uniform Fire Safety Act	6,328	5,465	4,562	903
Municipal Court	8,307	1,102	607	495
Road Repairs and Maintenance	5,721	13,665	8,793	4,872
Shade Tree	7,539	59,091	33,882	25,209
Electrical Services	2,851	1,830	971	859
Public Buildings and Grounds	5,149	22,771	15,353	7,418
Maintenance of Garage	11,033	56,555	37,210	19,345
Community Services Act	39,113	39,113	37,000	2,113
Administration of Public Works	219	315	96	219
Sewer System	745	18,491	15,572	2,919
Recycling Program	510	7,199	6,681	518
Health Department	981	26,796	26,478	318
Administration of Public Assistance	104	3,577	2,950	627
Recreation	11,461	21,811	9,288	12,523
Parks and Playgrounds	390	10,394	9,576	818
Celebration of Public Events:				
Other Expenses	764	4,653	3,744	909
Cadmus House Historical Site	1,583	1,583	332	1,251
Postage-Other Expenses	561	561		561
Electricity	9	43,480	43,407	73
Street Lighting	2,618	61,318	59,943	1,375
Telephone	22,948	17,243	13,985	3,258
Natural Gas	19,628	10,888	10,243	645
Fuel Oil	9,252	5,252	2,335	2,917
Gasoline	73,207	65,283	44,897	20,386
Garbage and Trash-Contractual	400	75,200	74,800	400
Garbage and Trash-Other Expenses	53,146	133,447	125,995	7,452
Construction Code Official	2,412	1,624	39	1,585
Contingent	2,000	2,000		2,000
Total Other expenses Within "CAPS"	<u>401,561</u>	<u>995,998</u>	<u>823,744</u>	<u>172,254</u>
Deferred Charges and Statutory Expenditures Within "CAPS":				
Public Employees' Retirement System	104,315	104,315		104,315
Social Security System (O.A.S.I.)	19,343	19,343	19,300	43
Consolidated Police and Firemen's Pension	32	32		32
Police and Firemen's Retirement System of N	27	27		27
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>123,717</u>	<u>123,717</u>	<u>19,300</u>	<u>104,417</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2010

	Balance, Dec. 31, <u>2009</u>	Balance after Transfers and <u>Encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Other Expenses Excluded From "CAPS":				
Passaic Valley Sewer Commission				
Share of Costs	773	773		773
Maintenance of Free Public Library	504	31,422	27,834	3,588
LOSAP	15,501	15,501		15,501
Recycling Tax Appropriation	775			
Matching Funds for Grants	10,597	10,597		10,597
	<u>28,150</u>	<u>58,293</u>	<u>27,834</u>	<u>30,459</u>
Total Other Expenses Excluded from "CAPS"				
	<u>28,150</u>	<u>58,293</u>	<u>27,834</u>	<u>30,459</u>
 Total Reserves	 \$ <u>1,464,102</u>	 <u>2,391,282</u>	 <u>2,040,978</u>	 <u>350,304</u>
		Appropriation Reserves 1,464,102		
		Encumbrances <u>927,180</u>		
		\$ <u>2,391,282</u>		
		Cash Disbursements 1,288,824		
		Transfer to Reserve for Terminal Leave 39,000		
		Transfer to Reserve for Community Center 200,000		
		Transfer to Reserve for Supervisors' Contract 59,400		
		Transfer to Reserve for Police Contract 321,000		
		Transfer to Accounts Payable <u>132,754</u>		
			\$ <u>2,040,978</u>	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$ 927,180
Increased by:	
Transferred from Current Year Budget	<u>1,083,940</u>
	2,011,120
Decreased by:	
Transferred to Appropriation Reserves	<u>927,180</u>
Balance - December 31, 2010	<u><u>\$ 1,083,940</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$ 51,116
Increased by:	
Transfer from Appropriation Reserves	<u>132,754</u>
	183,870
Decreased by:	
Cash Disbursements	<u>38,310</u>
Balance - December 31, 2010	<u><u>\$ 145,560</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Other Expenditures

		Current Fund										
		Year Ended December 31, 2010										
		Recycling	Police - Outside Service	Elevator Surcharge	Terminal Leave	Police Contract	Retiree's Insurance	Supervisors Contract	Community Center	Open Space	Total	
Balance - December 31, 2009	\$	421,367	20,490	3,152	1,062,922		62,767		53,480	864,647	2,488,825	
Increased by:												
Cash Receipts		288,021	28,099				82,592		104,850	156,229	659,791	
Current Year Tax Levy										268,709	268,709	
Transferred from Appropriation Reserves					39,000	321,000		59,400	200,000		619,400	
		<u>288,021</u>	<u>28,099</u>		<u>39,000</u>	<u>321,000</u>	<u>82,592</u>	<u>59,400</u>	<u>304,850</u>	<u>424,938</u>	<u>1,547,900</u>	
		709,388	48,589	3,152	1,101,922	321,000	145,359	59,400	358,330	1,289,585	4,036,725	
Decreased by:												
Cash Disbursements		740				196,452	57,634		206,292	369,957	831,075	
		<u>740</u>				<u>196,452</u>	<u>57,634</u>		<u>206,292</u>	<u>369,957</u>	<u>831,075</u>	
Balance - December 31, 2010	\$	<u>708,648</u>	<u>48,589</u>	<u>3,152</u>	<u>1,101,922</u>	<u>124,548</u>	<u>87,725</u>	<u>59,400</u>	<u>152,038</u>	<u>919,628</u>	<u>3,205,650</u>	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Library Expenditures

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009		\$	77,091
Increased by:			
State Library Aid	\$	15,013	
Book Fines		<u>55,440</u>	
			<u>70,453</u>
			147,544
Decreased by:			
State Library Aid		52,279	
Expenditures		<u>55,700</u>	
			<u>107,979</u>
Balance - December 31, 2010		\$	<u><u>39,565</u></u>
 <u>Analysis of Balance</u>			
State Library Aid	\$	15,013	
Book Fines		<u>24,552</u>	
	\$		<u><u>39,565</u></u>

BOROUGH OF FAIR LAWN, N.J.

**Schedule of Amount Due to the
State of New Jersey**

Current Fund

Year Ended December 31, 2010

	<u>Construction Training Fee</u>
Balance - December 31, 2009	\$ 7,188
Increased by:	
Collections	<u>33,284</u>
	40,472
Decreased by:	
Payments	<u>23,117</u>
Balance - December 31, 2010	<u><u>\$ 17,355</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009		\$	37,558
Increased by:			
Collections			<u>365,013</u>
			402,571
Decreased by:			
Refunds	\$	341,773	
Taxes Applied		<u>34,228</u>	
			<u>376,001</u>
Balance - December 31, 2010		\$	<u><u>26,570</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Local School District Tax Payable

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$	544,445
Increased by:		
2010 Levy		<u>72,306,304</u>
		72,850,749
Decreased by:		
Payments		<u>72,306,304</u>
Balance - December 31, 2010	\$	<u><u>544,445</u></u>

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$	20,710
Increased by:		
2010 Levy	\$	9,966,382
2010 Open Space		129,001
2010 Added Assessments		<u>20,685</u>
		<u>10,116,068</u>
		10,136,778
Decreased by:		
Payments		<u>10,116,093</u>
Balance - December 31, 2010	\$	<u><u>20,685</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Special Improvement District Taxes Payable

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$	412
Increased by:		
Tax Levy		<u>268,200</u>
		268,612
Decreased by:		
Payments		<u>268,200</u>
Balance - December 31, 2010	\$	<u><u>412</u></u>

Schedule of Prepaid Revenue

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$	43,069
Increased by:		
Cash Receipts		<u>49,469</u>
		92,538
Decreased by:		
Applied to 2010 Revenue		<u>43,069</u>
Balance - December 31, 2010	\$	<u><u>49,469</u></u>

Analysis of Balance

<u>Fees Collected</u>	
Board of Health	\$ 7,430
Police - Parking Permits	<u>42,039</u>
	\$ <u><u>49,469</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2010

Balance - December 31, 2009	\$	508,485
Increased by:		
Collections		<u>538,405</u>
		1,046,890
Decreased by:		
Applied to 2010 Taxes Receivable		<u>508,485</u>
Balance - December 31, 2010	\$	<u><u>538,405</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2010

<u>Grant</u>	Balance, Dec. 31, 2009	2010 Budget Revenue <u>Realized</u>	<u>Received</u>	Balance, Dec. 31, 2010
Municipal Alliance on Alcoholism and Drug Abuse - 2008	\$ 14,061			14,061
Municipal Alliance on Alcoholism and Drug Abuse - 2009	16,765			16,765
Municipal Alliance on Alcoholism and Drug Abuse - 2010		15,759	14,412	1,347
Office of Environmental Services - 1997	330			330
Health Priority Funding	2,456			2,456
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
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
Emergency Management	5,000		5,000	
Drunk Driving - Bergen County	4,662			4,662
Emergency Preparedness	1			1
Smart Growth	7,000			7,000
H1-N1 Grant	147,022		97,696	49,326
Public Health Priority Funding		8,681	105	8,576
Over the Limit Under Arrest		5,075	5,036	39
Clean Communities		47,856	47,856	
Click It or Ticket		4,000	4,000	
Bullet Proof Vest		4,200	4,200	
Body Armor Grant		2,063	2,063	
Emergency Management		5,000	5,000	
Cops in Shops		4,500	4,500	
Forestry Grant		3,000		3,000
Flood Insurance		27,975		27,975
	<u>\$ 1,517,607</u>	<u>128,109</u>	<u>189,868</u>	<u>1,455,848</u>
		Cash	129,370	
		Interfunds	60,498	
		<u>\$</u>	<u>189,868</u>	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2010

<u>Grant</u>	Balance, Dec. 31, <u>2009</u>	Transfer To 2010 <u>Budget</u>	<u>Received</u>	Balance, Dec. 31, <u>2010</u>
Drunk Driving Enforcement Fund - 2008 \$	4,156			4,156
Recycling Tonnage Grant	91,496			91,496
Drunk Driving Enforcement Fund - 2010			21,154	21,154
Over the Limit Under Arrest			4,400	4,400
Alcohol Education Rehabilitation			804	804
Bullet Proof Vests			16,705	16,705
Police - County			2,250	2,250
Cops in Shops			9,500	9,500
Body Armor			5,389	5,389
			<u>60,202</u>	
	<u>\$ 95,652</u>			<u>155,854</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2010

<u>Grant</u>	Balance, Dec. 31, 2009	Transfer From 2010 <u>Budget</u>	<u>Expended</u>	Balance, Dec. 31, 2010
Municipal Alliance on Alcohol and Drug Abuse - 2008	\$ 7,350		1,010	6,340
Municipal Alliance on Alcohol and Drug Abuse - 2009	1,270			1,270
Municipal Alliance on Alcohol and Drug Abuse - 2010		15,759	12,220	3,539
Public Health Priority Funding - 2007	11,689		8,242	3,447
Public Health Priority Funding - 2008	1,823			1,823
Public Health Priority Funding - 2009	3,078			3,078
Public Health Priority Funding - 2010		8,681	7,723	958
Clean Communities Grant - 2008	3,784			3,784
Clean Communities Grant - 2009	2,501		2,184	317
Clean Communities Grant - 2010		47,856	25,288	22,568
Body Armor Replacement Program-2005	27,716		24,669	3,047
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
Body Armor Replacement Program-2010		2,063		2,063
Click it or Ticket - 2010		4,000		4,000
Emergency Management Assistance Funding - 2008	5,000			5,000
Emergency Management Assistance Funding - 2009	5,000			5,000
Emergency Management Assistance Funding - 2010		5,000		5,000
Emergency Management Programming	181			181
Statewide Local Domestic Preparedness Program - 2005	5,316			5,316
DCA - Domestic Violence Training Grant - 2007	4,500			4,500
Drunk Driving Enforcement Grant - 2006	1,923		1,283	640
Drunk Driving Enforcement Grant - 2007	11,386			11,386
Drunk Driving Enforcement Grant - 2008	9,845		8,096	1,749
Drunk Driving - Bergen County	20,311		6,272	14,039
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
Fair Lawn Granular Activated Carbon Grant	821,400		(9)	821,409
Green Acres Program - Open Space	450,000			450,000
Municipal Recycling Assistance Program 2008	605			605
Clean Communities	9,936		336	9,600
Emergency Preparedness	1			1
Smart Growth	7,000			7,000
Alcohol Education Rehabilitation	1,253			1,253
Under Age Drinking	1,177			1,177
Drunk Driving Enforcement	9,068			9,068
H1N1 Grant	145,625		95,675	49,950
Over the Limit Under Arrest		5,075	5,036	39
Bullet Proof Vest		4,200		4,200
COPS in Shops		4,500	4,500	
Forestry Grant		3,000		3,000
Flood Insurance		27,975		27,975
	<u>\$ 1,610,534</u>	<u>128,109</u>	<u>202,525</u>	<u>1,536,118</u>
		Cash Dishursed	134,107	
		Interfunds	68,418	
			<u>202,525</u>	