

**BOROUGH OF FAIR LAWN**

**Financial Statements With  
Supplementary Information  
December 31, 2015**

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

# BOROUGH OF FAIR LAWN

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Fair Lawn in the County of Bergen, as of December 31, 2015 and 2014, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents. The financial statements for the year ended December 31, 2014 were audited by other auditors whose report dated June 29, 2015 expressed an adverse opinion on the U.S. Generally Accepted Accounting Principles because of the significance of the requirement that the Borough of Fair Lawn prepare and present its financial statements on the regulatory basis of accounting.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



The Honorable Mayor and  
Members of the Borough Council  
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Fair Lawn on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Fair Lawn as of December 31, 2015 and 2014, or changes in financial position for the years then ended.

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

As described in Note 14 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$1,191,601 and \$1,138,022 for 2015 and 2014, respectively, were not audited and, therefore, we express no opinion on the LOSAP program.



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

In our opinion, except for the effects of the matter described in the “*Basis for Qualified Opinion on Regulatory Basis of Accounting*” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2015 and 2014, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2015 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

***Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2016 on our consideration of the Borough of Fair Lawn’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other



The Honorable Mayor and  
Members of the Borough Council  
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matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Fair Lawn's internal control over financial reporting and compliance.



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



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

April 25, 2016



**BOROUGH OF FAIR LAWN, N.J.**  
**Comparative Balance Sheet - Regulatory Basis**  
**Current Fund**  
**December 31, 2015 and 2014**

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	\$ 27,679,904	23,497,477
Change Fund	A-5	<u>630</u>	<u>630</u>
		<u>27,680,534</u>	<u>23,498,107</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	957,909	1,011,910
Tax Title Liens	A-10	23,245	22,023
Other Liens Receivable	A-11	629	629
Property Acquired for Taxes - Assessed Valuation	A-12	73,260	73,260
Revenue Accounts Receivable	A-13	32,284	36,901
Interfund Accounts Receivable	A-15	<u>2,155,989</u>	<u>3,290,977</u>
		<u>3,243,316</u>	<u>4,435,700</u>
Deferred Charges:			
Special Emergency Authorizations	A-14	<u>90,000</u>	<u>180,000</u>
		<u>90,000</u>	<u>180,000</u>
		<u>31,013,850</u>	<u>28,113,807</u>
Federal and State Grant Fund:			
Cash	A-4	155,857	326,090
Interfund Accounts Receivable	A-8	11,648	
Grants Receivable	A-28	<u>342,292</u>	<u>369,559</u>
		<u>509,797</u>	<u>695,649</u>
		<u>\$ 31,523,647</u>	<u>28,809,456</u>

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Current Fund

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3/A-16	\$ 2,360,892	2,941,048
Encumbrances Payable	A-3/A-17	2,955,695	2,204,987
Interfund Accounts Payable	A-15	502,012	19,800
Accounts Payable	A-18	335,355	302,265
Reserve for Other Expenditures	A-19	8,365,652	7,964,604
Reserve for Library Expenditures	A-20	17,977	47,770
Due to State of New Jersey:			
Senior Citizens and Veterans Deductions	A-7	163,968	181,271
Construction Training Fees	A-21	17,049	27,712
Tax Overpayments	A-22	18,247	103,492
Local School Taxes Payable	A-23	735,682	563,771
County Taxes Payable	A-24	51,571	52,264
SID Taxes Payable	A-25	210	757
Prepaid Taxes	A-26	641,817	553,290
Special Emergency Note	A-27	90,000	180,000
		<u>16,256,127</u>	<u>15,143,031</u>
Reserve for Receivables	Contra	3,243,316	4,435,700
Fund Balance	A-1	<u>11,514,407</u>	<u>8,535,076</u>
		<u>31,013,850</u>	<u>28,113,807</u>
Federal and State Grant Fund:			
Unappropriated Reserve for Grants	A-29	12,616	9,313
Appropriated Reserve for Grants	A-30	449,042	443,137
Encumbrances Payable	A-30	48,139	45,823
Interfund Accounts Payable	A-8		197,375
		<u>509,797</u>	<u>695,648</u>
		<u>\$ 31,523,647</u>	<u>28,809,455</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues and Other Income:		
Fund Balance Utilized	3,500,000	3,000,000
Miscellaneous Revenue Anticipated	7,950,446	7,941,189
Receipts from Delinquent Taxes	1,028,863	957,890
Receipts from Current Taxes	128,121,385	125,079,266
Non-Budget Revenue	1,501,804	958,166
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	699,653	405,150
Prior Year Interfunds Returned	1,201,188	
Grants Cancelled		28,727
Total Revenues and Other Income	<u>144,003,339</u>	<u>138,370,388</u>
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	19,950,700	18,806,140
Other Expenses	18,165,572	17,831,527
Capital Improvement Fund	200,000	312,000
Municipal Debt Service	3,645,078	3,617,483
Deferred Charges and Statutory Expenditures - Municipal	3,909,516	3,966,330
Bank Service Charges & Adjustments		471
Prior Year Seniors & Vet Deductions		11,663
Adjustment to Change Funds		2,839
Local District School Tax	79,996,197	78,015,909
Prior Year County Tax Adjustment		144
County Taxes including Added Taxes	10,912,909	10,363,894
Municipal Open Space Tax	208,348	206,880
Grants Receivable Cancelled		37,941
Tax Appeals		139,927
Interfunds Advanced	25,311	696,554
Prior Year Refunds	240,724	
Special Improvement District Taxes	269,653	268,545
Total Expenditures	<u>137,524,008</u>	<u>134,278,247</u>
Excess (Deficit) Revenue Over Expenditures	6,479,331	4,092,141
Fund Balance, January 1,	<u>8,535,076</u>	<u>7,442,935</u>
	15,014,407	11,535,076
Decreased by:		
Fund Balance Utilized as Budget Revenue	<u>3,500,000</u>	<u>3,000,000</u>
Fund Balance, December 31,	<u>11,514,407</u>	<u>8,535,076</u>

See accompanying notes to the financial statements.

**BOROUGH OF FAIR LAWN, N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**Year Ended December 31, 2015**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	\$ 3,500,000	3,500,000	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	43,000	37,355	(5,645)
Other	15,000	24,939	9,939
Fees and Permits	350,000	474,081	124,081
Fines and Costs:			
Municipal Court	500,000	426,224	(73,776)
Interest and Costs on Taxes	175,000	200,573	25,573
Interest on Investments and Deposits	30,000	48,523	18,523
Tax and Assessment Searches	10	110	100
Memorial Pool	275,000	320,237	45,237
Sewer User Charges	25,000	81,472	56,472
Uniform Fire Safety Act	208,000	255,878	47,878
Cable Television Fees	375,000	445,957	70,957
Hotel Tax	120,000	160,440	40,440
Ambulance	500,000	454,388	(45,612)
Consolidated Municipal Property Tax Relief Aid	26,389	26,389	
Energy Receipts Tax	3,718,144	3,718,144	
Uniform Construction Code Fees	900,000	920,198	20,198
Drunk Driving Enforcement Fund	1,773	1,773	
Clean Communities Program	60,032	60,032	
Municipal Alliance on Alcoholism and Drug Abuse	15,279	15,279	
NJDOT-Berdan Ave	75,000	75,000	
NJDOT-Radburn Road	37,250	37,250	
NJDOT-Plaza Road	111,750	111,750	
Body Armor	5,224	5,224	
Bergen County Open Space-Columbia Heights	7,192	7,192	
Bergen County Open Space-Vogel Park	38,838	38,838	
Fair Lawn Carbon Grant	3,200	3,200	
Total Miscellaneous Revenues	7,616,081	7,950,446	334,365

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

**Current Fund**

**Year Ended December 31, 2015**

Receipts from Delinquent Taxes	930,000	1,028,863	98,863
Subtotal General Revenues	12,046,081	12,479,309	433,228
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes			
Minimum Library Tax	35,689,782	38,544,351	2,854,569
Minimum Library Tax	1,489,926	1,489,926	
Total Amount to be Raised by Taxation	37,179,708	40,034,277	2,854,569
Budget Totals	49,225,789	52,513,586	3,287,797
Non-Budget Revenue		1,501,804	1,501,804
	\$ 49,225,789	54,015,390	4,789,601

Analysis of Realized Revenues

Revenue from Current Tax Collections		\$ 128,121,385
Allocated to School and County Taxes	\$ 91,117,455	
Special District Taxes	269,653	
		91,387,108
Balance for Support of Municipal Budget Appropriations		36,734,277
Add : Appropriation - Reserve for Uncollected Taxes		3,300,000
Amount for Support of Municipal Budget Appropriations		\$ 40,034,277
Receipts from Delinquent Taxes:		
Tax Title Liens		
Delinquent Taxes		1,028,863
		\$ 1,028,863

## BOROUGH OF FAIR LAWN, N.J.

## Statement of Revenues - Regulatory Basis

## Current Fund

Year Ended December 31, 2015

Analysis of Non-budget Revenues

Recreation Fees	\$	122,326
Copies, Maps and Plans		9,145
Maps		99
Police Fees		845
Traffic Lights		565
Dumpster Fees		2,450
List of Property Owners		653
Medical B Admin. Charges		47
Property Maintenance Charges		6,156
Bad Check Charge		50
Café License		1,300
Cell Tower Revenue		200,808
DMV Fees		4,355
VISA		1,400
Tax Sale Fee		8,777
Refunds		117,466
FEMA		595,378
Auction		47,636
Reimbursements		11,685
Vending Machine		351
Bus Shelter Revenue		4,800
County Snow Plowing		10,590
PSE&G		12,000
Hep B Shots		709
Jury Duty		84
Shared Services		131,019
Misceallaneous		210,290
Flu Shots		820
		<u>820</u>
	\$	<u>1,501,804</u>

See accompanying notes to the financial statements.

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<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	\$ 395,750	467,750	466,476	1,274	
Other Expenses	111,850	119,350	108,502	10,848	
Mayor and Council:					
Salaries and Wages	10,000	10,000	10,000		
Other Expenses	178,800	171,300	114,121	57,179	
Cultural Center					
Salaries and Wages	88,850	88,850	88,813	37	
Other Expenses	2,500	2,500	1,124	1,376	
Municipal Clerk:					
Salaries and Wages	278,500	261,500	254,143	7,357	
Other Expenses	62,800	62,800	51,752	11,048	
Financial Administration:					
Salaries and Wages	300,000	280,000	271,502	8,498	
Other Expenses	104,000	104,000	93,608	10,392	
Assessment of Taxes:					
Salaries and Wages	218,000	220,000	219,337	663	
Other Expenses	35,700	35,700	31,152	4,548	
Collection of Taxes:					
Salaries and Wages	128,000	124,000	118,715	5,285	
Other Expenses	35,300	35,300	31,233	4,067	
Legal Services and Cost:					
Other Expenses	270,000	270,000	168,102	101,898	
Labor Attorney:					
Other Expenses	85,000	85,000	54,591	30,409	
Engineering Services and Costs:					
Salaries and Wages	286,500	281,500	280,703	797	
Other Expenses	10,500	10,500	3,957	6,543	

Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Planning Board:					
Salaries and Wages	17,500	17,500	14,934	2,566	
Other Expenses	35,400	35,400	15,360	20,040	
Zoning Board of Adjustment:					
Salaries and Wages	10,000	10,000	7,923	2,077	
Other Expenses	35,500	35,500	17,595	17,905	
Insurance:					
Self Insurance Program					
Liability Insurance (N.J.S.A. 40:10-12)	475,000	475,000	470,837	4,163	
Workers Compensation Insurance (N.J.S.A. 40:10-12)	775,000	775,000	768,808	6,192	
Group Insurance Plan for Employee's:					
Hospital Service Insurance	6,482,900	6,482,900	5,851,054	631,846	
Health Insurance - Not Self Funded	320,800	320,800	247,691	73,109	
Other Insurance Premiums	113,600	113,600	47,275	66,325	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3)	90,000	90,000	90,000		
Public Safety:					
Police:					
Salaries and Wages	8,772,000	8,772,000	8,770,639	1,361	
Other Expenses	363,500	369,600	365,982	3,618	
Police Dispatch:					
Salaries and Wages	392,000	377,000	368,132	8,868	
Emergency Management:					
Salaries and Wages	27,200	27,200	26,078	1,122	
Other Expenses	155,000	155,000	133,539	21,461	

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

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2015**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Fire:					
Salaries and Wages	3,100	3,100	2,700	400	
Other Expenses	221,000	211,000	202,941	8,059	
Ambulance:					
Other Expenses	92,000	92,000	89,366	2,634	
Uniform Fire Safety Act: (P.L. 1983 Chap. 383)					
Salaries and Wages	281,100	236,100	217,274	18,826	
Other Expenses	10,850	14,850	13,571	1,279	
Municipal Prosecutor:					
Salaries and Wages	20,900	20,900	20,650	250	
Municipal Court					
Salaries and Wages	265,100	255,100	251,428	3,672	
Other Expenses	28,950	28,950	10,042	18,908	
Public Works:					
Road Repairs and Maintenance:					
Salaries and Wages	765,000	765,000	738,949	26,051	
Other Expenses	90,300	95,300	88,495	6,805	
Shade Tree:					
Salaries and Wages	591,000	541,000	469,575	71,425	
Other Expenses	60,700	60,700	56,611	4,089	
Electrical Services:					
Salaries and Wages	57,500	60,000	58,439	1,561	
Other Expenses	9,300	10,800	9,321	1,479	
Public Buildings and Grounds:					
Salaries and Wages	393,200	363,200	346,883	16,317	
Other Expenses	60,000	106,000	102,272	3,728	

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

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2015**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Maintenance Garage:					
Salaries and Wages	284,000	284,000	278,379	5,621	
Other Expenses	217,550	243,550	235,996	7,554	
Community Services Act:					
Other Expenses	35,000	35,000	35,000		
Administration of Public Works:					
Salaries and Wages	175,000	197,500	197,174	326	
Other Expenses	14,150	14,150	12,096	2,054	
Sanitation:					
Sewer System:					
Salaries and Wages	448,000	418,000	384,087	33,913	
Other Expenses	111,800	111,800	105,246	6,554	
Recycling:					
Salaries and Wages	785,400	913,400	897,654	15,746	
Other Expenses	20,400	18,900	12,079	6,821	
Health and Human Services:					
Health Department:					
Salaries and Wages	392,000	392,000	381,931	10,069	
Other Expenses	62,450	62,450	49,174	13,276	
Administration of Social Services:					
Salaries and Wages	80,900	80,900	59,569	21,331	
Other Expenses	6,400	6,400	1,566	4,834	
Mental Health Program (N.J.S.A. 40:5-9):					
Contractual	12,200	12,200	12,200		
Animal Control					
Salaries and Wages	102,000	25,000	24,606	394	
Other Expenses		35,000	28,050	6,950	

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

**Statement of Expenditures - Regulatory Basis**

**Current Fund**

**Year Ended December 31, 2015**

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Recreation and Parks:					
Recreation:					
Salaries and Wages	1,320,200	1,416,200	1,409,959	6,241	
Other Expenses	75,800	75,800	75,086	714	
Recreation-Special Clubs					
Salaries and Wages	53,800	53,800	51,228	2,572	
Other Expenses					
Parks and Playgrounds:					
Salaries and Wages	615,500	630,500	627,182	3,318	
Other Expenses	85,600	85,600	78,223	7,377	
Celebration of Public Events:					
Other Expenses	48,600	48,600	46,677	1,923	
Veterans' Service Bureau:					
Other Expenses	3,300	3,300	3,300		
Unclassified:					
Terminal Leave:					
Salaries and Wages	124,000	124,000	123,824	176	
Salaries and Wages Adjustment	190,300	190,300	190,300		
Postage:					
Other Expenses	65,000	65,000	64,885	115	
Purchase of Vehicle & Equipment	45,000	38,900	33,837	5,063	
Utility Expenses and Bulk Purchases					
Electricity	450,000	450,000	431,258	18,742	
Heating Oil	15,000	15,000	9,622	5,378	
Gas	90,000	90,000	84,834	5,166	
Gasoline	300,000	300,000	120,195	179,805	
Diesel	150,000	150,000	82,989	67,011	
Street Lighting	320,000	320,000	290,115	29,885	
Telephone, Internet & Communication Lines	138,600	138,600	137,950	650	
Surveillance Camera System	1,400	1,400	1,445	-45	
Cable/TV	5,000	5,000	3,104	1,896	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Landfill and Solid Waste Disposal Costs					
Garbage and Trash Removal:					
Contractual	2,016,000	2,016,000	1,846,670	169,330	
Uniform Construction Code:					
Construction Code Official:	834,000	743,000	718,647	24,353	
Salaries and Wages	9,100	11,600	7,621	3,979	
Other Expenses					
Public Defender					
Salaries and Wages	8,000	8,000	5,800	2,200	
<b>Total Operations within "CAPS"</b>	<u>33,328,900</u>	<u>33,381,400</u>	<u>31,401,753</u>	<u>1,979,647</u>	
<b>B. Contingent</b>	<u>1,000</u>	<u>1,000</u>		<u>1,000</u>	
<b>Total Operations Including Contingent-within "CAPS"</b>	<u>33,329,900</u>	<u>33,382,400</u>	<u>31,401,753</u>	<u>1,980,647</u>	
Detail:					
Salaries & Wages	18,714,300	18,658,300	18,353,633	304,667	
Other Expenses (Including Contingent)	14,615,600	14,724,100	13,048,120	1,675,980	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
(2) STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	1,228,661	1,228,661	1,228,425	236	
Social Security System (O.A.S.I.)	1,100,000	1,047,500	932,525	114,975	
Consolidated Police and Firemen's Pension	10,000	10,000	36	9,964	
Police and Firemen's Retirement System of N.J.	1,516,355	1,516,355	1,515,394	961	
DCRP	17,000	17,000	10,537	6,463	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	3,872,016	3,819,516	3,686,917	132,599	
Total General Appropriations for Municipal Purposes within "CAPS"	37,201,916	37,201,916	35,088,670	2,113,246	
Passaic Valley Sewer Commission:					
Share of Costs	1,870,000	1,870,000	1,789,334	80,666	
Maintenance of Free Public Library					
Salaries and Wages	1,292,400	1,292,400	1,224,486	67,914	
Other Expenses	1,087,435	1,087,435	1,000,925	86,510	
LOSAP Program					
Contribution	78,000	78,000	73,065	4,935	
Recycling Tax Appropriation	40,500	40,500	32,879	7,621	
Total Other Operations - Excluded from "CAPS"	4,368,335	4,368,335	4,120,689	247,646	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<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	15,279	15,279	15,279		
Matching Funds for Grants:					
Municipal Alliance Against alcohol and Drug Abuse	3,819	3,819	3,819		
Clean Communities Grant (N.J.S.A. 13-1e-99.2)	60,032	60,032	60,032		
Berdan Avenue	75,000	75,000	75,000		
Radburn Road	37,250	37,250	37,250		
Plaza Rd 7	111,750	111,750	111,750		
BCOS Columbia-His Park	7,192	7,192	7,192		
BCOS Vogel Park	38,838	38,838	38,838		
NJACCHO	3,200	3,200	3,200		
Matching Fund Grants	6,181	6,181	6,181		
Drunk Driving Enforcement Fund	1,773	1,773	1,773		
Body Armor Grant	5,223	5,223	5,223		
<b>Total Public and Private Programs Offset by Revenues</b>	<b>365,537</b>	<b>365,537</b>	<b>365,537</b>		

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Total Operations-Excluded from "CAPS"	4,733,872	4,733,872	4,486,226	247,646	
Detail:					
Salaries and Wages	1,292,400	1,292,400	1,224,486	67,914	
Other Expenses	3,441,472	3,441,472	3,261,740	179,732	
Capital Improvement Fund	200,000	200,000	200,000		
Total Capital Improvements Excluded from "CAPS"	200,000	200,000	200,000		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	1,925,000	1,925,000	1,925,000		
Payment of Note Principal	253,000	253,000	253,000		
Interest on Bonds	500,000	500,000	489,378		10,622
Interest on Notes	120,000	120,000	88,268		31,732
Bergen County Improvement Authority					
Payment of Bond Principal	496,000	496,000	494,694		1,306
Interest on Bonds	406,000	406,000	394,738		11,262
Total Municipal Debt Service-Excluded from "CAPS"	3,700,000	3,700,000	3,645,078		54,922
Deferred Charges and Statutory Expenditures- Municipal excluded from "CAPS"					
(1) DEFERRED CHARGES:					
Special Emergency Authorization - 5 Years (N.J.S. 40A:4-55)	90,000	90,000	90,000		
Total Deferred Charged and Statutory Expenditures-Municipal exclude from "CAPS"	90,000	90,000	90,000		

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2015

	<u>Budget</u>	<u>Budget after Modification and Transfer</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Unexpended Balance Canceled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	8,723,872	8,723,872	8,421,304	247,646	54,922
Subtotal General Appropriations	45,925,788	45,925,788	43,509,974	2,360,892	54,922
Reserve for Uncollected Taxes	3,300,000	3,300,000	3,300,000		
Total General Appropriations	<u>\$ 49,225,788</u>	<u>49,225,788</u>	<u>46,809,974</u>	<u>2,360,892</u>	<u>54,922</u>
Adopted Budget \$		48,892,526			
Appropriation by 40:A4-87		<u>333,262</u>			
	<u>\$ 49,225,788</u>				
Reserve for Uncollected Taxes \$			3,300,000		
Federal and State Grants			355,537		
Encumbrances			2,955,695		
Cash			<u>40,198,742</u>		
			<u>\$ 46,809,974</u>		

See accompanying notes to the financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Animal Trust Fund:			
Cash	B-1	<u>66,681</u>	<u>50,996</u>
Other Trust Funds:			
Cash	B-1	<u>1,431,454</u>	<u>1,153,106</u>
Unemployment Compensation Insurance Trust Fund:			
Cash	B-1	258,896	216,387
Interfund Accounts Receivable	B-5	<u>3,551</u>	<u>3,551</u>
		<u>262,447</u>	<u>219,938</u>
Self-Insurance Trust Fund:			
Cash	B-1	<u>7,457,048</u>	<u>5,214,210</u>
Council on Affordable Housing Trust			
Cash	B-1	<u>25,440</u>	<u>25,399</u>
Free Public Library Trust Fund:			
Cash	B-1	<u>113,297</u>	<u>108,949</u>
Cafeteria Plan Trust Fund:			
Cash	B-1	<u>19,643</u>	<u>13,116</u>
Veteran's Affairs			
Cash	B-1	<u>6,640</u>	<u>-</u>
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Cash in Plan	B-1	1,111,653	1,064,957
Service Award Contributions Receivable	B-19	<u>79,948</u>	<u>73,065</u>
		<u>1,191,601</u>	<u>1,138,022</u>
		<u>\$ 10,574,251</u>	<u>7,923,736</u>

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2015 and 2014

<u>Liabilities, Reserves &amp; Fund Balance</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<b>Animal Trust Fund:</b>			
Prepaid Licenses	B-2	6,813	3,434
Animal Trap Deposits	B-3	7,840	7,730
Due to State of New Jersey	B-4	42	1,308
Interfund Accounts Payable	B-5	249	27
Reserve for Animal Trust Fund Expenditures	B-9	51,737	38,497
		<u>66,681</u>	<u>50,996</u>
<b>Other Trust Fund:</b>			
Due to State of New Jersey	B-4	925	810
Interfund Accounts Payable	B-5	2,491	737
Sundry Reserve and Deposits	B-6	766,044	558,873
Escrow Reserves and Deposits	B-7	426,591	407,284
Donation Reserves and Deposits	B-8	235,403	185,402
		<u>1,431,454</u>	<u>1,153,106</u>
<b>Unemployment Compensation Insurance Trust Fund:</b>			
Due to State of New Jersey	B-4	10,390	10,109
Interfund Accounts Payable	B-7	234	
Reserve for Unemployment Compensation Insurance Expenditures	B-10	251,823	209,829
		<u>262,447</u>	<u>219,938</u>
<b>Self-Insurance Trust Fund:</b>			
Interfund Accounts Payable	B-5	10,584	483,629
Reserve for:			
Worker's Compensation Expenditures	B-11	482,738	311,298
Liability Insurance Expenditures	B-12	1,838,161	1,206,885
Health Benefits Plan	B-13	5,125,565	3,212,398
		<u>7,457,048</u>	<u>5,214,210</u>
<b>Council on Affordable Housing Trust</b>			
Reserve for Expenditures	B-14	25,440	25,399
		<u>25,440</u>	<u>25,399</u>

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Trust Funds

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves &amp; Fund Balance (Cont...)</u>			
Free Public Library Trust Fund:			
Reserve for Library Trust Expenditures	B-15	20,826	16,478
Reserve for Restricted Trust Expenditures	B-16	<u>92,471</u>	<u>92,471</u>
		<u>113,297</u>	<u>108,949</u>
Cafeteria Plan Trust Fund:			
Interfund Accounts Payable	B-5	446	430
Reserve for Cafeteria Plan Expenditures	B-17	<u>19,197</u>	<u>12,686</u>
		<u>19,643</u>	<u>13,116</u>
Veteran's Affairs	B-18	<u>6,640</u>	<u></u>
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Net Assets Available for Benefits	B-20	<u>1,191,601</u>	<u>1,138,022</u>
		<u>\$ 10,574,251</u>	<u>7,923,736</u>

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## General Capital Fund

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Cash	C-2/C-3	\$ 5,020,439	1,541,361
Grants Receivable:			
State and County Grants	C-4	387,764	460,500
Federal Grants	C-5	1,325,002	1,191,497
Local Grants	C-4a	24,642	16,604
Interfunds Accounts Receivable	C-17	1,040,000	1,040,000
Deferred Charges to Future Taxation:			
Funded	C-6	21,680,000	24,010,000
Unfunded	C-7	15,837,803	12,949,003
		<u>\$ 45,315,650</u>	<u>41,208,965</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-8	\$ 11,570,000	13,495,000
Capital Leases Payable	C-9	10,110,000	10,515,000
Encumbrances Payable	C-10	2,026,113	1,670,020
Bond Anticipation Notes Payable	C-11	14,624,000	8,709,800
Special Reserves	C-12	861,886	48,093
Improvement Authorizations:			
Funded	C-13	761,102	1,317,606
Unfunded	C-13	3,341,719	3,828,195
Premium on Bond Anticipation Notes	C-14		86,154
Reserve for Unappropriated State Grant	C-15	15,464	15,464
Capital Improvement Fund	C-16	187,697	145,897
Interfunds Payable:	C-17	416,191	356,907
Reserve for Grants Receivable	C-18	18,243	18,243
Fund Balance	C-1	1,383,235	1,002,586
		<u>\$ 45,315,650</u>	<u>41,208,965</u>

There were \$1,213,803 and \$4,239,203 of Bonds and Notes Authorized But Not Issued on December 31, 2015 and 2014 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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Balance - December 31, 2014	\$ 1,002,586	462,330
Increased by:		
Improvement Authorizations Canceled		650,360
Premuim on Bond Anticipation Notes	<u>380,649</u>	
	<u>380,649</u>	<u>650,360</u>
	1,383,235	1,112,690
Decreased by:		
Canceled Grant Receivable - State & County		30,428
Canceled Grant Receivable - Federal		<u>79,676</u>
		<u>110,104</u>
Balance - December 31, 2015	\$ <u><u>1,383,235</u></u>	\$ <u><u>1,002,586</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, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Water Utility Operating Fund:			
Cash - Treasurer	D-5	\$ <u>5,247,941</u>	<u>4,393,138</u>
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-8	496,770	491,194
Inventory - Materials and Supplies	D-9	<u>95,864</u>	<u>103,474</u>
		<u>592,634</u>	<u>594,668</u>
Interfund Accounts Receivable	D-7	<u>435,917</u>	<u>432,320</u>
Total Water Utility Operating Fund		<u>6,276,492</u>	<u>5,420,126</u>
Capital Fund:			
Cash - Treasurer	D-5,D-6	3,395,454	3,495,161
Fixed Capital	D-10	17,630,815	17,630,815
Fixed Capital Authorized and Uncompleted	D-11	<u>3,438,900</u>	<u>2,638,900</u>
Total Capital Fund		<u>24,465,169</u>	<u>23,764,876</u>
		<u>\$ 30,741,661</u>	<u>29,185,002</u>

## BOROUGH OF FAIR LAWN, N.J.

## Comparative Balance Sheet - Regulatory Basis

## Water Utility Fund

December 31, 2015 and 2014

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-12	272,211	1,024,301
Reserve for Encumbrances	D-4	327,722	243,670
Accounts Payable	D-13	3,234	3,234
Water Rent Overpayments	D-14	9,968	8,121
Accrued Interest on Bonds	D-15	21,008	25,807
		<u>634,143</u>	<u>1,305,133</u>
Reserve for Receivables	Contra	592,634	594,668
Fund Balance	D-1	5,049,715	3,520,325
		<u>6,276,492</u>	<u>5,420,126</u>
Total Water Utility Operating Fund			
Capital Fund:			
Encumbrance Payable	D-16	472,877	117,192
Interfund Accounts Payable	D-18	2,701,427	3,697,830
Serial Bonds Payable	D-22	1,450,000	1,710,000
Bond anticipation notes payable	D-23	3,410,000	2,479,000
Improvement authorization:			
Funded	D-17		
Unfunded	D-17	945,850	744,754
Capital Improvement Fund	D-19	31,230	29,430
Reserve for:			
Amortization	D-20	15,051,863	14,680,948
Deferred Amortization	D-21	267,028	170,828
Fund Balance	D-2	134,894	134,894
		<u>24,465,169</u>	<u>23,764,876</u>
Total Capital Fund			
		<u>\$ 30,741,661</u>	<u>29,185,002</u>

There were \$934,972 and \$1,269,172 of Bonds and Notes Authorized But Not Issued on December 31, 2015 and 2014 respectively (Exhibit D-24).

See accompanying notes to financial statements.

## BOROUGH OF FAIR LAWN, N.J.

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

## Water Utility Operating Fund

For the Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenue and other income:		
Fund Balance Utilized	375,600	375,600
Water rents	\$ 6,591,500	6,200,489
Miscellaneous Revenue	97,580	18,577
Canceled Accounts Payable		17,500
Capital Fund Balance		120,946
Unexpended Balance Appropriations		333,151
Unexpended Balance of Appropriation Reserves	<u>1,044,070</u>	
Total revenue and other income	<u>8,108,750</u>	<u>7,066,263</u>
Expenditures:		
Operating	5,524,490	5,375,150
Capital improvements	40,000	26,500
Debt service	435,770	532,950
Deferred charges and statutory expenditures	<u>203,500</u>	<u>145,000</u>
Total expenditures	<u>6,203,760</u>	<u>6,079,600</u>
Statutory excess to Surplus	1,904,990	986,663
Fund balance, January 1	<u>3,520,325</u>	<u>2,909,262</u>
	5,425,315	3,895,925
Decreased by:		
Utilization by water operating budget	<u>375,600</u>	<u>375,600</u>
Balance, December 31	<u>\$ 5,049,715</u>	<u>3,520,325</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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Balance, December 31, 2014	\$ 134,894	\$ 97,356
Increased by:		
Canceled Improvement Authorizations	<u>                    </u>	<u>37,538</u>
Balance, December 31, 2015	<u>\$ 134,894</u>	<u>\$ 134,894</u>

See accompanying notes to financial statements.

**BOROUGH OF FAIR LAWN, N.J.**  
**Statement of Revenues - Regulatory Basis**  
**Water Utility Operating Fund**  
**Year ended December 31, 2015**

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (deficit)</u>
Surplus Anticipated	\$ 375,600	375,600	
Rents	5,850,000	6,591,500	741,500
Miscellaneous	<u>4,000</u>	<u>97,580</u>	<u>93,580</u>
	<u>\$ 6,229,600</u>	<u>7,064,680</u>	<u>835,080</u>

Analysis of Realized Revenue

	Rents \$	6,591,500	
	Water Capital Surplus	<u>375,600</u>	
		<u>6,967,100</u>	
	Interest on Investments	12,886	
Due from Water Capital Fund - Interest on investments		3,597	
	Other miscellaneous	<u>81,097</u>	
		<u>97,580</u>	
	\$	<u>7,064,680</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, 2015

	Appropriations		Paid or charged	Reserved	Cancelled
	Budget	Budget after modifi- cation			
Operating:					
Salaries and Wages	\$ 2,011,000	1,841,000	1,805,508	35,492	
Other Expenses	3,503,490	3,683,490	3,454,779	228,711	
Total Operating	5,514,490	5,524,490	5,260,287	264,203	
Capital Improvements:					
Capital Improvement Fund	40,000	40,000	40,000		
Total Capital Improvements	40,000	40,000	40,000		
Debt Service:					
Payment of Bond Principal	260,000	260,000	260,000		
Payment of Bond Anticipation Note Principal	100,000	100,000	100,000		
Interest on Bonds	61,610	61,610	50,979		10,631
Interest on Bond Anticipation Notes	40,000	40,000	24,790		15,210
Total Debt Service	461,610	461,610	435,769		25,841
Deferred Charges and Statutory Expenditures:					
Deferred Charges -					
Emergency Authorizations	65,000	65,000	65,000		
Salary and Wage Adjustment	3,500	3,500	3,500		
Statutory Expenditures - Contribution to:					
Social Security System (O.A.S.I.)	145,000	135,000	126,992	8,008	
Total Deferred Charges and Statutory Expenditures	213,500	203,500	195,492	8,008	
	\$ 6,229,600	6,229,600	5,931,548	272,211	25,841
			Cash Disbursed	5,528,057	
			Reserve for Encumbrances	327,722	
			Accrued Interest on Bonds	75,769	
				\$ 5,931,548	

See accompanying notes to financial statements.

BOROUGH OF FAIR LAWN, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>General Fixed Assets:</u>		
Land	\$ 87,660,900	87,660,900
Buildings	18,314,600	18,314,600
Machinery and Equipment	<u>14,786,020</u>	<u>13,876,142</u>
	<u>\$ 120,761,520</u>	<u>119,851,642</u>
Investment in Fixed Assets	<u>\$ 120,761,520</u>	<u>119,851,642</u>

See accompanying notes to financial statements.

BOROUGH OF FAIR LAWN, N.J.

Comparative Statement of Net Payroll and Withholdings Payable

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash		
Net Payroll	\$ <u>14,849</u>	<u>17,513</u>
	\$ <u><u>14,849</u></u>	<u><u>17,513</u></u>
 <u>Liabilities:</u>		
Withholdings	\$ 1,381	7,399
Due to Current Fund	9,917	6,563
Due to Unemployment Compensation Trust Fund	<u>3,551</u>	<u>3,551</u>
	\$ <u><u>14,849</u></u>	<u><u>17,513</u></u>

See accompanying notes to financial statements.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**

**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, 2015 and 2014**  
**(continued)**

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

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

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

The Borough has the following funds and account group:

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

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

Animal Trust Fund - This fund is used to account for fees collected from the dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

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

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

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

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

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

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

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

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

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

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

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

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

Basis of Accounting

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on the 11<sup>th</sup> day of the 11<sup>th</sup> month of the current calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

General Capital Fund  
Trust Fund  
Water Utility Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality.

During the years ended December 31, 2015 and 2014, the Governing Body approved additional revenues and appropriations of \$333,262 and \$-0-, respectively, in accordance with N.J.S.A. 40A:4-87. In addition, several budget transfers were approved by the Governing Body in 2015 and 2014.

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

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

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

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

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

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

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

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity’s financial reporting. However, the provisions of this statement required significant modifications to the disclosure requirements related to the entity’s proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity’s financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this Statement required significant modifications to the disclosure requirements related to the entity’s proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

Recent Accounting Pronouncements, (continued)

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

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

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

Recent Accounting Pronouncements, (continued)

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

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

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

C. Basic Financial Statements

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

**NOTE 2. PENSION PLANS**

Description of Systems:

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

*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 certain qualified members. Membership is mandatory for 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. 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.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

Description of Systems: (continued)

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

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.

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.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

*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.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

Description of Systems: (continued)

*Police and Firemens' Retirement System (PFRS), (continued)*

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.

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 \$1,500.00 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 \$5,000.00 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.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

Defined Contribution Retirement Program, (continued)

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 retain 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.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

Contribution Requirements

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

Contribution Requirements, (continued)

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

<u>Year</u>	<u>PERS</u>	<u>PFRS</u>	<u>DCRP</u>
2015	\$1,228,661	\$1,516,355	\$10,537
2014	1,158,566	1,405,831	
2013	1,208,864	1,475,309	

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

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

**Public Employees Retirement System (PERS)**

At December 31, 2015, the Borough had a liability of \$34,649,473 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was .1543544154 percent, which was an increase/(decrease) of .00361852 percent from its proportion measured as of June 30, 2014.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

For the year ended December 31, 2015, the Borough recognized pension expense of \$1,228,661. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$826,615	\$
Changes of assumptions	3,721,077	
Net difference between projected and actual earnings on pension plan investments		557,097
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>787,012</u>	<u>          </u>
Total	<u>\$5,334,704</u>	<u>\$557,097</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$726,489
2017	726,489
2018	726,489
2019	1,157,050
2020	654,077

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

**Additional Information**

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
Borough's Proportion	.1543544154%	.1507358977%

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

**Mortality Rates**

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

**BOROUGH OF FAIRLAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2014 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1 - percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Borough's proportionate share of the pension liability	\$43,065,056	\$34,649,473	\$27,593,910

**Pension Plan Fiduciary Net Position**

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

At December 31, 2015, the Borough had a liability of \$33,700,283 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2015, the Borough's proportion was .202324922 percent, which was an increase/(decrease) of .00490064 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized pension expense of \$1,516,355. At December 31, 2015, deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in actual and expected experience	\$6,221,909	\$290,676
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments		586,524
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>965,191</u>	<u>          </u>
Total	<u>\$7,187,100</u>	<u>\$877,200</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$1,015,058
2017	1,015,058
2018	1,015,058
2019	1,664,345
2020	635,192

**Additional Information**

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,512,729,953	\$750,532,959
Collective deferred inflows of resources	871,083,367	1,561,923,934
Collective net pension liability	16,656,514,197	13,933,627,178
Borough's Proportion	.2023249422%	.1974243027%

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

**Actuarial Assumptions**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.60-9.48 Percent (based on age)
Thereafter	3.60-10.48 Percent (based on age)
Investment Rate of Return	7.90 Percent

**Mortality Rates**

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

**Long-Term Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

**Discount Rate**

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

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

contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2015, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 - percentage point lower or 1 - percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease <u>4.79%</u>	At Current Discount Rate <u>5.79%</u>	1% Increase <u>6.79%</u>
Borough's proportionate share of the pension liability	\$45,368,427	\$33,700,283	\$24,185,953

**Pension Plan Fiduciary Net Position**

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

**NOTE 3. MUNICIPAL DEBT**

Long-term debt as of December 31, 2015 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>
<b>Bonds Payable:</b>					
General Obligation Debt	\$13,495,000	\$	\$1,925,000	\$11,570,000	\$1,990,000
Water Utility Obligation Debt	<u>1,710,000</u>	_____	<u>260,000</u>	<u>1,450,000</u>	<u>250,000</u>
<b>Total Bonds Payable</b>	<u>15,205,000</u>	_____	<u>2,185,000</u>	<u>13,020,000</u>	<u>2,240,000</u>
<b>Other Liabilities:</b>					
Capital Leases Payable	10,515,000		405,000	10,110,000	410,000
Compensated Absences Payable	<u>2,644,281</u>	_____	<u>207,154</u>	<u>2,437,127</u>	<u>137,355</u>
<b>Total Other Liabilities</b>	<u>13,159,281</u>	_____	<u>612,154</u>	<u>12,547,127</u>	<u>547,355</u>
	<u>\$28,364,281</u>	<u>\$</u>	<u>\$2,797,154</u>	<u>\$25,567,127</u>	<u>\$2,787,355</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 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
<b><u>Issued:</u></b>			
General Bonds and Notes	\$26,194,000	\$22,204,800	\$22,660,000
General Capital - Capital Lease	10,110,000	10,515,000	10,830,000
Water Utility Bonds and Notes	<u>4,860,000</u>	<u>4,189,000</u>	<u>4,255,000</u>
	<u>41,164,000</u>	<u>36,908,800</u>	<u>37,745,000</u>
<b><u>Authorized But Not Issued:</u></b>			
General Bonds and Notes	1,213,803	4,239,203	11,971,661
Water Utility Bonds and Notes	<u>934,972</u>	<u>1,269,172</u>	<u>1,903,931</u>
	<u>2,148,775</u>	<u>5,508,375</u>	<u>13,875,592</u>
<b>Total Bonds and Notes</b>	43,312,775	42,417,175	51,620,592
Less deductions	<u>7,603,863</u>	<u>5,484,211</u>	<u>6,185,070</u>
<b>Net Bonds and Notes Issued and Authorized But Not Issued</b>	<u>\$35,708,912</u>	<u>\$36,932,964</u>	<u>\$45,435,522</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(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 .570%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$26,687,000	\$26,687,000	\$0
Water Utility	5,794,972	5,794,972	0
General Debt	<u>27,407,803</u>	<u>1,808,891</u>	<u>25,598,912</u>
	<u>\$59,889,775</u>	<u>\$34,290,863</u>	<u>\$25,598,912</u>

Net debt of \$25,598,912 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of \$4,487,517,201 equals .570%.

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

3 ½% of Equalized Valuation Basis (Municipal)	\$157,063,102
Net Debt	<u>25,598,912</u>
Remaining Borrowing Power	<u>\$131,464,190</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	\$7,064,679
Deductions:	
Operating and Maintenance Cost	\$5,659,490
Debt Service per Water Account	<u>435,769</u>
Total Deductions	<u>6,095,259</u>
Excess in Revenue - "Self Liquidating"	<u>\$969,420</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

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

Paid by Current Fund:

<u>General Obligation Bonds</u>	<u>2015</u>	<u>2014</u>
\$15,225,000, 2001 Bonds due in annual installments of \$675,000.00 to \$1,205,000 through June 2017, interest at 4.00 to 4.625%	\$1,205,000	\$2,405,000
\$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>10,365,000</u>	<u>11,090,000</u>
Total General Serial Bonds	<u>11,570,000</u>	<u>13,495,000</u>

Paid by Water and Sewer Utility Fund:

<u>Water and Sewer Utility Serial Bonds</u>		
\$715,000 2001 Bonds due in annual installments of \$35,000 to \$60,000 through June 2017, interest at 4.250% to 4.700%	50,000	110,000
\$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>1,400,000</u>	<u>1,600,000</u>
Total Water and Sewer Utility Bonds	<u>1,450,000</u>	<u>1,710,000</u>
Total Serial Bonds	<u>\$13,020,000</u>	<u>\$15,205,000</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(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>
2016	\$2,699,475	\$1,990,000	\$412,625	\$250,000	\$46,850
2017	1,451,844	880,000	333,344	200,000	38,500
2018	1,444,444	905,000	306,944	200,000	32,500
2019	1,426,294	920,000	279,794	200,000	26,500
2020	1,407,694	935,000	252,194	200,000	20,500
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>\$15,595,645</u>	<u>\$11,570,000</u>	<u>\$2,389,795</u>	<u>\$1,450,000</u>	<u>\$185,850</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, 2015 the Borough had authorized but not issued debt as follows:

General Capital Fund	\$1,213,803
Water Utility Capital Fund	934,972

**NOTE 4. CAPITAL LEASES PAYABLE**

In 2004, the Borough authorized the execution of an agreement with the Bergen County Improvement Authority for the leasing of certain capital acquisitions for the Recreation Center Project (the "Lease Payments"). In 2012, the lease was refinanced resulting in a new payment schedule. The lease term is based on the useful bond life of each particular item. The lease payments consist of basic rent, which is comprised of principal and variable interest ranging from 1.5% to 5%. The following schedule presents the remaining lease payments at December 31, 2015:

<u>Year</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2016	\$782,850	\$410,000	\$372,850
2017	781,700	415,000	366,700
2018	780,475	420,000	360,475
2019	782,875	435,000	347,875
2020	780,475	450,000	330,475
2021-2025	3,910,950	2,400,000	1,510,950
2026-2030	3,905,750	2,810,000	1,095,750
2031-2034	<u>3,125,000</u>	<u>2,770,000</u>	<u>355,000</u>
	<u>\$14,850,075</u>	<u>\$10,110,000</u>	<u>\$4,740,075</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

**NOTE 5. BOND ANTICIPATION NOTES**

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

As of December 31, 2015, the Borough had \$14,624,000 in General Capital and \$3,410,000 in Water Capital bond anticipation notes outstanding.

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

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

**NOTE 6. FUND BALANCE APPROPRIATED**

The fund balances at December 31, 2015 which have been appropriated as revenue in the 2016 budgets are as follows:

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

The Borough permits employees to accrue (with certain restrictions) unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate \$2,437,127 as of December 31, 2015. 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, 2015 was the sum of \$1,770,276.

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

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2015 and 2014, \$0- of the Borough's bank balance of \$152,602,974 and \$40,624,193, respectively, were exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

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

**Credit Risk**

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

**Concentration of Credit Risk**

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

**Unaudited Investments**

As more fully described in Note 14, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Variable Annuity Life Insurance Company (VALIC), which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2015 and 2014 amounted to \$1,111,653 and \$1,064,957, respectively.

The following investments represent 5% or more of the total invested with VALIC on December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Fixed Account Plus	\$102,501	\$94,273
Health Sciences Fund	83,367	70,177
Mid Cap Value Fund	74,182	73,266
Money Market I Fund	137,837	146,201
Vanguard Lifestrategy - Growth	161,880	160,072
Vanguard Lifestrategy Modera		41,070
All Others	<u>551,886</u>	<u>479,898</u>
Total	<u>\$1,111,653</u>	<u>\$1,064,957</u>

**NOTE 9. LITIGATION**

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

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

**NOTE 10. FIXED ASSETS**

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2015.

	Balance <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>Dec. 31, 2015</u>
Land	\$87,660,900	\$	\$	\$87,660,900
Buildings and Building Improvement	18,314,600	\$938,917	\$29,039	19,224,478
Machinery and Equipment	<u>13,876,142</u>	<u>          </u>	<u>          </u>	<u>13,876,142</u>
	<u>\$119,851,642</u>	<u>\$938,917</u>	<u>\$29,039</u>	<u>\$120,761,520</u>

**NOTE 11. INTERFUND BALANCES AND ACTIVITY**

Balances due to/from other funds at December 31, 2015 consist of the following:

\$11,648	Due from the Federal and State Grant Fund from the Current Grant Fund for reimbursement for expenditures paid.
249	Due to the Current Fund from the Animal Control Trust Fund for interest earned on investments.
2,491	Due to the Current Fund from the Other Trust Fund for interest earned on investments.
234	Due to the Current Fund from the Unemployment Trust Fund for interest earned on investments.
411,501	Due to the Current Fund from the General Capital Fund for reimbursement for expenditures paid.
19,800	Due to the Water Utility Operating Fund from the Current Fund for reimbursement for expenditures paid.
470,564	Due to the Liability-Self Insurance Fund from the Current Fund for reimbursement for expenditures paid.
1,250,000	Due to the Current Fund from the Water Utility Capital Fund for reimbursement of expenditures paid.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

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

480,911	Due to the Current Fund from Workers Compensation for reimbursement for expenditures and interest on investments.
446	Due to the Current Fund from the Cafeteria Plan Trust Fund for interest on investments.
3	Due to the Current Fund from the Veterans Affair Trust for interest on investments.
237	Due to the Current Fund from the Health Services Trust Fund for interest on investments.
9,917	Due to the Current Fund from the Payroll Fund for excess funds in the account.
3,551	Due to the Unemployment Compensation Insurance Fund from the Payroll Fund for employee share of contribution.
1,040,000	Due to the Water Utility Capital Fund from the Capital Fund for reimbursement of expenditures.
<u>4,690</u>	Due to the General Capital Fund from the Grant Fund for receipts not turned over.
<u>\$3,706,242</u>	

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

**NOTE 12. 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.

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

**NOTE 12. RISK MANAGEMENT**

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, 2015.

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, 2014	\$311,298	\$1,206,885	\$3,212,398
Receipts	1,069,866	1,200,584	9,076,500
Disbursements	<u>898,426</u>	<u>569,308</u>	<u>7,163,333</u>
Balance - December 31, 2015	<u>\$482,738</u>	<u>\$1,838,161</u>	<u>\$5,125,565</u>

**NOTE 13. TAXES COLLECTED IN ADVANCE**

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

	Balance <u>Dec 31, 2015</u>	Balance <u>Dec 31, 2014</u>
Prepaid Taxes	<u>\$641,817</u>	<u>\$553,290</u>
Cash Liability for Taxes Collected in Advance	<u>\$641,817</u>	<u>\$553,290</u>

**BOROUGH OF FAIR LAWN**  
**Notes to Financial Statements**  
**Years Ended December 31, 2015 and 2014**  
**(continued)**

**NOTE 14. 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, 2015 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

**NOTE 15. SUBSEQUENT EVENTS**

The Borough has evaluated subsequent events through April 25, 2016, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

**SUPPLEMENTARY DATA**

## BOROUGH OF FAIR LAWN

### Supplementary Data

#### Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>	<u>Type of bond</u>
John Cosgrove	Mayor	
Amy Lefkowitz	Councilmember	
Daniel Dunay	Councilmember	
Kurt Peluso	Councilmember	
Lisa Swain	Councilmember	
James Van Kruiningen	Borough Manager	(A)
Karen Palermo	Finance Officer	(A)
Joanne M. Kwasniewski	Borough Clerk	(A)
Alice Lee	Tax Collector	(A)
Steven Schechter	Magistrate	(A)
Claire Cabibbo	Court Administrator	(A)
Ronald P. Mondello	Borough Attorney	
Kenneth R. Garrison	Borough Engineer	
Richard Bolan	Construction Code Official	
Liz Maresca Twiggs	Registrar of Vital Statistics	
Glen Cauwels	Chief of Police	
Carol Wagner	Health Officer	
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 Bond under the terms of an agreement with the Municipal Excess Joint Insurance Fund in the amount of \$1,000,000 with a \$2,500 deductible. Coverage also includes \$50,000 for theft, disappearance, etc. of money with a \$2,500 deductible.

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

**Supplementary data**

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax rate	<u>3.04</u>	<u>3.03</u>	<u>2.99</u>
Apportionment of tax rate:			
Municipal	0.861	0.891	0.879
School	1.920	1.885	1.857
County	<u>0.261</u>	<u>0.250</u>	<u>0.253</u>

Assessed Value

2015	\$ 4,166,964,826
2014	4,139,019,341
2013	4,137,598,817

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>
2015	\$ 129,126,782	128,121,385	99.22%
2014	126,147,730	125,079,266	99.15%
2013	124,087,905	123,057,247	99.17%

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>
2015	\$ 957,909	23,245	981,154	0.76%
2014	1,011,910	22,022	1,033,932	0.82%
2013	875,587	104,605	980,192	0.79%

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

**Supplementary data**

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2015 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>
2015	\$ 73,260
2014	73,260
2013	73,260

Comparative Schedule of Fund Balance

	<u>Year</u>	<u>Dec. 31</u>	<u>Utilized in budget of succeeding year</u>
Current Fund	2015	\$ 11,514,407	3,500,000
	2014	8,535,076	3,000,000
	2013	7,442,935	3,000,000
	2012	6,548,971	3,000,000
	2011	5,874,733	3,000,000
Water Utility Operating Fund	2015	5,049,715	575,600
	2014	3,502,825	375,600
	2013	2,909,262	375,600
	2012	1,668,815	283,700
	2011	1,086,654	244,000

BOROUGH OF FAIR LAWN

Schedule of Expenditures of Federal Awards

Year ended December 31, 2015

Program	CFDA number	Grant period	Award Amount	Cash Received	Expenditures	Cancellations	MEMO Cumulative Total Expenditures
<u>Federal and State Grant Fund.</u>							
<u>Department of Environmental Protection</u>							
Municipal Stormwater Regulation Program	66.605	2005	15,464	*	*	*	*
State Forestry Grant	10.664	2010	3,000	*	*	*	*
<u>Department of Housing and Urban Development</u>							
Community Development Block Grant	14.218						
Pass through County of Bergen:							
Senior Center Impr. Ord. #2248		2012	30,000	10,500		19,500	30,000
Improv. Chaudler Dr. Ord. #2288		2013	162,000	102,000			100,000
2014 Road Resurfacing Ord. #2303		2014	104,000	97,188			104,000
				209,688		19,500	234,000
<u>U.S. Dept. of Transportation</u>							
National Highway Safety Pass through State of NJ							
Berdan Avenue Phase 2 Ord. #2263		2013	300,000	75,000	75,000		75,000
Improvements to Radburn Ave. - Ord. #2318		2014	149,000	37,250	37,250		149,000
Improvement to Plaza Road- Ord #2349		2015	149,000	111,750	111,750		111,750
Fair Lawn Ave. Safety Corridor - Ord. #2320		2014	511,850				
				224,000	224,000		335,750
<u>Department of Justice</u>							
Cops in Shops	16.727	2011	4,500				4,500
Cops in Shops	16.727	2012	6,173				1,673
Cops in Shops	16.727	2013	5,062				*
Cops in Shops	16.727	2013	6,180				*
Bullet Proof Vest Grant	16.727	2010	4,200				*
Bullet Proof Vest Grant	16.727	2010	16,705				*
Enforcing Underage Drinking Law Program	16.727	2014	3,439			(1,773)	*
						(1,773)	6,173

BOROUGH OF FAIR LAWN

Schedule of Expenditures of Federal Awards

Year ended December 31, 2015

Program	CFDA number	Grant period	Award Amount	Cash Received	Expenditures	Cancellations	MEMO Cumulative Total Expenditures
U.S. Department of Law & Public Safety							
Public Assistance Grants	97.036					*	
Hurricane Sandy		2012	580,384			(343)	* 580,384
Hazard Mitigation Grant Program		2013	142,080			*	
Emergency Management Program	97.042	2012	5,000	5,000	5,000	*	* 5,000
				5,000	5,000	(343)	* 585,384
Subtotal Federal and State Grant Fund				438,688	229,000	17,384	* 1,161,307
Total Federal Awards				438,688	229,000	17,384	* 1,161,307

Note: This schedule was not subject to an audit in accordance with OMB A-133

BOROUGH OF FAIR LAWN

Schedule of Expenditures of State Financial Assistance

Year ended December 31, 2015

	Grant number	Grant period	Award Amount	Cash Received	Budgetary Expenditures	Adjustments	MEMO Cumulative Total Expenditures
Federal and State Grant Fund:							
Department of Environmental Protection							
Clean Communities Program	4900-765-178910-60	2008	35,867				34,265
Clean Communities Program	4900-765-178910-60	2013	44,865				41,250
Clean Communities Program	4900-765-178910-60	2014	49,394		44,902		49,028
Clean Communities Program	4900-765-178910-60	2015	60,032	60,032	13,795		13,795
Recycling Tonnage Grant	4900-752-178810-60	2009	91,496				
Recycling Tonnage Grant	4900-752-178810-60	2010	77,558				10,028
Recycling Tonnage Grant	4900-752-178810-60	2011	74,595				
Recycling Tonnage Grant	4900-752-178810-60	2012	44,865				
Recycling Tonnage Grant	4900-752-178810-60	2013	66,723				
Recycling Tonnage Grant	4900-752-178810-60	2014	59,351				
Recycling Tonnage Grant	4900-752-178810-60	2015	103,438				
Environmental Grant		2013	1,675				525
Granular Activated Carbon Demo Project	527-042-4840-030-3620	2007	1,200,000	33,079			1,132,373
Alcohol Education and Rehabilitation		PY	970				
Alcohol Education and Rehabilitation		2006	2,576				
Alcohol Education and Rehabilitation		2009	1,253				
Alcohol Education and Rehabilitation		2010	804				
Alcohol Education and Rehabilitation		2011	162				
Alcohol Education and Rehabilitation		2013	950				
Alcohol Education and Rehabilitation		2014	650				
Green Acres - Open Space - Ord. #2254		2012	146,000				146,000
Department of Law & Public Safety							
New Jersey Highway Safety Project Grant							
Over the Limit Under Arrest	1160-100-066-1160-111-YHTS-6010	2011	4,400				
Body Armor Grant	1020-718-066-1020-001	2005	73,930				73,004
Body Armor Grant	1020-718-066-1020-001	2006	22,809				8,566
Body Armor Grant	1020-718-066-1020-001	2007	6,198				
Body Armor Grant	1020-718-066-1020-001	2009	5,196				
Body Armor Grant	1020-718-066-1020-001	2011	5,389		2,883		2,883
Body Armor Grant	1020-718-066-1020-001	2012	5,101				
Body Armor Grant	1020-718-066-1020-001	2014	5,224				
Body Armor Grant	1020-718-066-1020-001	2015	5,299	5,299			
				93,111	58,697		1,427,264



## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Cash - Collector-Treasurer

## Current Fund

Year Ended December 31, 2015

	Current <u>Fund</u>	Federal and State <u>Grant Fund</u>
Balance - December 31, 2014	\$ 23,497,477	326,090
Increased by Receipts:		
Taxes Receivable	128,192,569	
Miscellaneous Revenue Not Anticipated	906,426	
Petty Cash	900	
Veteran Deductions	302,000	
Construction Code Training Fees	46,282	
Revenue Accounts Receivable	7,594,827	
Interfunds	1,429,343	501
Tax Overpayments	113,625	
Prepaid Taxes	641,817	
Library	45,695	
Grants Receivable		375,808
Unappropriated Grants		10,299
Interest on Investments		185
Various Reserves	714,181	
	<u>139,987,665</u>	<u>386,793</u>
	163,485,142	712,883
Decreased by Disbursements:		
Current Year Budget Appropriations	40,198,742	
Petty Cash	900	
Tax Overpayments	95,378	
Interfunds		209,709
Construction Code Training Fees	56,945	
Appropriation Reserves	3,416,759	
Local District School Taxes	79,824,286	
County Taxes Payable	10,913,601	
Special District Taxes	270,200	
Library	75,488	
Accounts Payable	7,210	
Grants		301,493
Prior Year Revenue Refunds	240,724	45,824
Emergency Note	90,000	
Various Reserves	615,005	
	<u>135,805,238</u>	<u>557,026</u>
Balance - December 31, 2015	\$ <u>27,679,904</u>	<u>155,857</u>

Exhibit A-5

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

**Schedule of Cash - Change Fund**

**Current Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$ <u>630</u>
Balance - December 31, 2015	\$ <u><u>630</u></u>
<u>Analysis of Balance:</u>	
Tax Collector	\$ 300
Municipal Court	200
Building Inspector	25
Sanitation	25
Free Public Library	<u>80</u>
	\$ <u><u>630</u></u>

Exhibit A-6

**Schedule of Cash - Petty Cash**

**Current Fund**

**Year Ended December 31, 2015**

Increased by:	
Disbursed	\$ <u>900</u>
Decreased by:	
Returned to Treasurer	\$ <u><u>900</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, 2015**

Balance - December 31, 2014		\$	(181,271)
Increased by:			
Senior Citizens' Deductions Per Tax Billing	\$	58,250	
Veterans' Deductions Per Tax Billing		243,750	
Senior Citizen's and Veteran's Allowed - 2015		<u>3,250</u>	
			<u>305,250</u>
			123,979
Decreased by:			
State Share of Senior Citizens and Veteran Deductions Received in Cash		283,593	
Senior Citizen's and Veteran's Disallowed - 2015		<u>4,354</u>	
			<u>287,947</u>
Balance - December 31, 2015		\$	<u><u>(163,968)</u></u>

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

**Schedule of Interfunds**

**Federal and State Grant Fund**

**Year Ended December 31, 2015**

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2015</u>
Current Fund	\$ (197,375)	209,709	686	11,648
	<u>\$ (197,375)</u>	<u>209,709</u>	<u>686</u>	<u>11,648</u>
			Cash Receipts \$ 501	
		209,709		
			Interest on Investments 185	
		<u>\$ 209,709</u>	<u>686</u>	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2015

Year	Balance, Dec. 31, 2014	Levy	Added Taxes	Collected 2014	Collected 2015	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2015
2012	40							40	
2014	1,011,870		16,993		1,028,863				
	1,011,910		16,993		1,028,863			40	
2015		127,931,976	1,194,806	553,290	127,267,198	305,250	1,222	41,913	957,909
	\$ 1,011,910	127,931,976	1,211,799	553,290	128,296,061	305,250	1,222	41,953	957,909

Tax Overpayments Applied \$ 103,492  
Cash 128,192,569

\$ 128,296,061

Analysis of Tax Levy

Tax yield:  
General Purpose Tax \$ 127,931,976  
Special District Taxes 269,653  
Added Tax (R.S. 54:4-63.1 et seq.) 925,153

\$ 129,126,782

Tax Levy:  
Local District School Tax \$ 79,996,197  
Local Open Space Taxes 208,348  
Special District Tax 269,653  
County Tax \$ 10,861,338  
County Added and Omitted Taxes 51,571

10,912,909

Local Tax for Municipal Purposes \$ 37,179,708  
Additional Taxes 559,967

37,739,675

\$ 129,126,782

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

**Schedule of Tax Title Liens**

**Current Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$ 22,023
Increased by:	
Transfers from Taxes Receivable	<u>1,222</u>
Balance - December 31, 2015	<u>\$ 23,245</u>

**Schedule of Other Liens Receivable**

**Current Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	<u>\$ 629</u>
Balance - December 31, 2015	<u>\$ 629</u>

Analysis of Balance

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

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

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

**Current Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$ <u>73,260</u>
Balance - December 31, 2015	\$ <u><u>73,260</u></u>

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Revenue Accounts Receivable**  
**Current Fund**  
**Year Ended December 31, 2015**

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Clerk:				
Licenses:				
Alcoholic beverages	\$	37,355	37,355	
Other		24,939	24,939	
Fees and Permits		474,081	474,081	
Municipal Court :				
Fines and Costs	36,901	421,607	426,224	32,284
Interest and Costs on Taxes		200,573	200,573	
Interest on Investments and Deposits		48,442	48,442	
Tax and Assessment Searches		110	110	
Memorial Pool		320,237	320,237	
Sewer User Charges		81,472	81,472	
Cable Television Franchise Fees		445,957	445,957	
Uniform Fire Safety Act - Local		255,878	255,878	
Hotel Tax		160,440	160,440	
Ambulance Fees		454,388	454,388	
Consolidated Municipal Property Tax Relief Aid		26,389	26,389	
Energy Receipts Tax (P.L. 1998 Chpaters 162 :		3,718,144	3,718,144	
Uniform Construction Code Fees		920,198	920,198	
	\$ <u>36,901</u>	<u>7,590,210</u>	<u>7,594,827</u>	<u>32,284</u>

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

Current Fund

Year Ended December 31, 2015

	Amount Authorized	Not Less Than 1/5 of Amount Authorized	Balance Dec. 31, 2014	Reduced in 2015	Balance Dec. 31, 2015
Revaluation	\$ 450,000	90,000	180,000	90,000	90,000
	\$ 450,000	90,000	180,000	90,000	90,000

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2015

<u>Fund</u>	Due from/(to) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2015</u>
Federal and State Grant Fund	\$ 197,375	185	209,208	(11,648)
Animal Control Trust Fund	27	222		249
Other Trust Fund	737	1,754		2,491
Unemployment Trust Fund		234		234
General Capital Fund	352,217	171,534	112,250	411,501
Water Utility Operating Fund	(19,800)			(19,800)
Health Insurance Trust Fund		628,004	628,004	
Liability - Self Insurance Fund	3,629	1,237	475,430	(470,564)
Water Utility Capital Fund	2,250,000		1,000,000	1,250,000
Workers Compensation	480,000	911		480,911
Cafeteria Plan Trust Fund	430	16		446
Payroll Fund	6,562	3,355		9,917
Veterans Affairs Trust		3		3
Health Benefits Trust		237		237
	<u>\$ 3,271,177</u>	<u>807,692</u>	<u>2,424,892</u>	<u>1,653,977</u>
Due to Current Fund	3,290,977	807,692	1,942,680	2,155,989
Due from Current Fund	<u>(19,800)</u>		<u>482,212</u>	<u>(502,012)</u>
	<u>\$ 3,271,177</u>	<u>807,692</u>	<u>2,424,892</u>	<u>1,653,977</u>
		Cash Receipts \$	1,429,343	
		Reimbursement for Expense Paid	115,344	995,549
		Budget Appropriations	628,004	
		Reclassification of Cancelled Ord	56,579	
		Interest on Investments	7,765	
		<u>\$ 807,692</u>	<u>2,424,892</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, 2014	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
Administrative and Executive	\$ 839	1,297	559	738
Mayor and Council	1			
Municipal Clerk	34,141	2,441	253	2,188
Financial Administration	5,468	5,468	4,632	836
Cultural Center		42		42
Collection of Taxes	2,396	2,396	2,150	246
Assessment of Taxes	734	734		734
Engineering Services and Costs	1,708	1,708	674	1,034
Municipal Land Use (N.J.S.A 40:55D-1)				
Planning Board	2,066	1,976		1,976
Emergency Management Services	522	522		522
Fire	300	300		300
Police	46,358	46,358	43,114	3,244
Police Dispatch	97,869	12,869	9,137	3,732
Uniform Fire Safety	11,468	11,469	9,824	1,645
Zoning Board of Adjustment	2,077	2,077		2,077
Municipal Court	8,839	1,839	1,232	607
Road Repairs and Maintenance	42,549	5,049	4,618	431
Shade Tree	25,985	5,985	2,801	3,184
Electrical Services	5,003	5,003	213	4,790
Public Buildings and Grounds	6,039	39		39
Maintenance of Garage	10,294	2,294	624	1,670
Administration of Public Works	19	19		19
Sanitation				
Sewer System	63,645	1,645	687	958
Recycling Program	4,675	357,775	357,373	402
Animal Control	53,321	8,321	7,981	340
Health Department	38,291	7,791	6,814	977
Administration of Social Services	25,738	3,238	3,206	32
Recreation	6,791	21,791	21,572	219
Parks and Playgrounds	3,703	3,703		3,703
Salary Wage Adjustment	18,400			
Uniform Construction Code:				
Construction Code Official	33,955	13,956	12,246	1,710
Unclassified:				
Terminal Leave	15,423	381,823	381,823	
Public Defender	200	200		200
Total Salaries and Wages Within "CAPS"	<u>568,817</u>	<u>910,128</u>	<u>871,533</u>	<u>38,595</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2015

Other Expenses Within "CAPS":				
Administrative and Executive	13,497	12,840	7,985	4,855
Human Resources	9,864			
Mayor and Council	78,749	7,478	3,080	4,398
Municipal Clerk	11,320	5,824	489	5,335
Cultural Center		1,228	85	1,143
Audit Services	2,974	76,594	41,970	34,624
Assessment of Taxes:				
Other Expenses	3,005	33,401	29,500	3,901
Collection of Taxes	5,173	6,147	978	5,169
Legal Services and Costs:				
Other Expenses	77,353	35,990	18,211	17,779
Labor Attorney		2,967	2,059	908
Engineering Services and Costs	6,165	1,545	358	1,187
Municipal Land Use Law (N.J.S.A 40:55D-1)				
Planning Board	26,271	3,507	245	3,262
Zoning Board of Adjustment	7,337	4,817	1,073	3,744
Uniform Construction Conde		3,448	1,546	1,902
Self Insurance	5,530	264,533	264,484	49
Insurance:				
Workers Compensation	4,235	208,241	208,149	92
Hospital Service	942,892	2,079,975	2,079,948	27
Health Insurance		7,341		7,341
Other Insurance Premiums	53,954	3,531	591	2,940
Administration of Social Services	10,110	723		723
Police:				
Other Expenses	31,062	132,149	121,984	10,165
Emergency Management Services	4,073	49,200	25,292	23,908
Fire	22,763	10,744	6,044	4,700
Ambulance	2,826	6,856	2,670	4,186
Uniform Fire Safety Act	2,370	4,181	1,815	2,366
Municipal Court	362	18,990	18,193	797
Road Repairs and Maintenance	3,383	85,511	85,286	225
Shade Tree	985	27,783	24,125	3,658
Electrical Services	2,083	3,750	1,574	2,176
Public Buildings and Grounds	15,405	8,203	5,420	2,783
Maintenance of Garage	3,057	4,740	4,319	421
Community Services Act		10,000	9,563	437
Administration of Public Works	9,309	985		985
Sanitation				
Sewer System	7,281	13,153	9,590	3,563
Recycling Program	1,603	1,603		1,603
Health Department	2,560	12,592	6,160	6,432
Recreation	4,538	28,206	26,208	1,998
Parks and Playgrounds	4,670	3,667	2,330	1,337
Celebration of Public Events:				
Other Expenses	3,304	3,304		3,304
Postage-Other Expenses	3,817	2,096	1,279	817
Electricity	84,241	30,241	30,079	162
Street Lighting	28,746	30,747	28,664	2,083
Telephone	40,196	43,618	34,379	9,239
Natural Gas	20,910	12,910	11,588	1,322
Fuel Oil	349	349		349
Gasoline	65,222	25,657	23,435	2,222
Telecommunications Costs		4,967		4,967
Garbage and Trash-Contractual	11,333	11,333		11,333
Garbage and Trash-Other Expenses	267,873	96,361	66,618	29,743
Uniform Fire Safety Act				
Construction Code Official	3,002			
Purchase of Vehicles	236	29,664	29,308	356
Contingent	1,000	1,000		1,000
Total Other expenses Within "CAPS"	<u>1,906,988</u>	<u>3,474,690</u>	<u>3,236,674</u>	<u>238,016</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriation Reserves

## Current Fund

Year Ended December 31, 2015

Deferred Charges and Statutory Expenditures			
Within "CAPS":			
Public Employees' Retirement System	92,664	62,663	62,663
Social Security System (O.A.S.I.)	76,520	154,467	154,467
Consolidated Police and Firemen's Pension	17,000		
Police and Firemen's Retire	96,970	96,970	96,970
Defined Contribution Pension Plan	6	5,006	550
			<u>4,456</u>
Total Deferred Charges and Statutory Expenditures Within "CAPS"	<u>283,160</u>	<u>319,106</u>	<u>550</u>
Other Expenses Excluded From "CAPS":			
Passaic Valley Sewer Commission			
Share of Costs	86,649	86,649	86,649
Maintenance of Free Public Library	78,245	334,773	334,588
LOSAP	12,948	12,948	12,948
State of Emergency Costs of Snow Removal	250	250	250
Recycling Tax Appropriation	3,991	7,491	3,037
			<u>4,454</u>
Total Other Expenses Excluded from "CAPS"	<u>182,083</u>	<u>442,111</u>	<u>337,625</u>
Total Reserves	<u>\$ 2,941,048</u>	<u>5,146,035</u>	<u>4,446,382</u>
Appropriation Reserves		2,941,048	
Encumbrances		<u>2,204,987</u>	
		<u>\$ 5,146,035</u>	
Transfers to Varous Reserves			989,323
Accounts Payable			40,300
Cash			<u>3,416,759</u>
			<u>\$ 4,446,382</u>

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

**Schedule of Encumbrances Payable**

**Current Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$ 2,204,987
Increased by:	
Transferred from Current Year Budget	<u>2,955,695</u>
	5,160,682
Decreased by:	
Transferred to Appropriation Reserves	<u>2,204,987</u>
Balance - December 31, 2015	<u><u>\$ 2,955,695</u></u>

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

**Schedule of Accounts Payable**

**Current Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$	302,265
Increased by:		
Transfer from Appropriation Reserves		<u>40,300</u>
		342,565
Decreased by:		
Cash Disbursements		<u>7,210</u>
Balance - December 31, 2015	\$	<u><u>335,355</u></u>

HOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Other Expenditures

Current Fund

Year Ended December 31, 2015

	Recycling	Police - Outside Service	Elevator Surcharges	Terminal Leave	Police Contract	Retiree's Insurance	Supervisors Contract	Community Center	Open Space	Special Assessments	Hurricane Inert Costs Insurance	Hurricane Inert FEMA	October Snow Storm	Hurricane Sandy FEMA	Snow	Library State Aid	Total
Balance - December 31, 2014	\$ 2,034,192	645,725	3,152	1,205,953	115,088	270,769	709,538	603,099	950,697	76,001	494,350	15,974	157,162	579,404	103,500	17,032	7,964,004
Increased by:																	
Cash Receipts	169,772	544,459				32,692		79,022	208,348							17,032	731,213
Grant Fund	209,208			564,323					208,348						80,000		321,322
Transferred from Appropriation Reserves	345,000								1,159,045	76,001	494,350	15,974	157,162	579,404	183,500		969,323
Current Year Tax Levy	723,930	544,459		564,323		32,692		79,022	208,348								2,250,406
	2,758,122	1,190,184	3,152	1,770,276	115,088	303,461	709,538	682,721	1,159,045	76,001	494,350	15,974	157,162	579,404	183,500	17,032	10,215,010
Decreased by:																	
Budget Reimbursements	209,208	487,664				707			62,051		475,430						549,715
Intergovernmental Reimbursement											18,920	15,974		579,404			209,208
Cash Disbursements	209,208	487,664				707			62,051		494,350	15,974		579,404			475,430
	\$ 2,548,914	709,520	3,152	1,770,276	115,088	302,754	709,538	682,721	1,096,994	76,001	494,350	15,974	157,162	579,404	183,500	17,032	8,365,657

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Library Expenditures

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	47,770
Increased by:		
Book Fines		<u>45,695</u>
		93,465
Decreased by:		
Expenditures		<u>75,488</u>
Balance - December 31, 2015	\$	<u><u>17,977</u></u>
		<u>Analysis of Balance</u>
		Book Fines
		<u>17,977</u>
	\$	<u><u>17,977</u></u>

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

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

**Current Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$	27,712
Increased by:		
Collections		<u>46,282</u>
		73,994
Decreased by:		
Payments		<u>56,945</u>
Balance - December 31, 2015	\$	<u><u>17,049</u></u>

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

**Schedule of Tax Overpayments**

**Current Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014		\$	103,492
Increased by:			
Collections			<u>113,625</u>
			217,117
Decreased by:			
Applied	\$	103,492	
Refunded		<u>95,378</u>	
			<u>198,870</u>
Balance - December 31, 2015		\$	<u><u>18,247</u></u>

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Local School District Tax Payable**  
**Current Fund**  
**Year Ended December 31, 2015**

Balance - December 31, 2014		\$	563,771
Increased by:			
2015 Levy			<u>79,996,197</u>
			80,559,968
Decreased by:			
Payments			<u>79,824,286</u>
Balance - December 31, 2015		\$	<u><u>735,682</u></u>

**Schedule of County Taxes Payable**  
**Current Fund**  
**Year Ended December 31, 2015**

Balance - December 31, 2014		\$	52,263
Increased by:			
2015 Levy	\$		10,748,173
2015 Open Space			113,165
2015 Added Assessments			<u>51,571</u>
			<u>10,912,909</u>
			10,965,172
Decreased by:			
Payments			<u>10,913,601</u>
Balance - December 31, 2015		\$	<u><u>51,571</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Special Improvement District Taxes Payable

Current Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	757
Increased by:		
Tax Levy		<u>269,653</u>
		270,410
Decreased by:		
Payments		<u>270,200</u>
Balance - December 31, 2015	\$	<u><u>210</u></u>

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

**Schedule of Prepaid Taxes**

**Current Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$ 553,290
Increased by:	
Collections	<u>641,817</u>
	1,195,107
Decreased by:	
Applied to 2015 Taxes Receivable	<u>553,290</u>
Balance - December 31, 2015	<u><u>\$ 641,817</u></u>

**Schedule of Reserve for Special Emergency Notes**

**Current Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$ 180,000
Decreased by:	
Payments	<u>90,000</u>
Balance - December 31, 2015	<u><u>\$ 90,000</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Grants Receivable

## Federal and State Grant Fund

Year Ended December 31, 2015

<u>Grant</u>	Balance, Dec. 31, <u>2014</u>	2015 Budget Revenue <u>Realized</u>	<u>Received</u>	Balance, Dec. 31, <u>2015</u>
Body Armor	\$ 20,279			20,279
Fair Lawn Carbon Grant	157,806		33,079	124,727
Clean Communities Grant - 2014	49,394			49,394
Environmental Grant - 2013	2,000			2,000
Hazard Mitigation Grant - 2013	140,080			140,080
Drunk Driving Enforcement Fund		1,773	1,773	
Clean Communities Grant - 2015		60,032	60,032	
Municipal Alliance on Alcoholism and Drug Abuse		15,279	9,467	5,812
NJDOT-Berdan Ave		75,000	75,000	
NJDOT-Radburn Road		37,250	37,250	
NJDOT-Plaza Road		111,750	111,750	
Body Armor		5,223	5,223	
Bergen County Open Space - Columbia Heights		7,192	7,192	
Bergen County Open Space - Vogel Park		38,838	38,838	
NJACCHO - Health Grant		3,200	3,200	
	<u>\$ 369,559</u>	<u>355,537</u>	<u>382,804</u>	<u>342,292</u>
		Unappropriated Reserve	6,996	
		Cash	<u>375,808</u>	
			<u>\$ 375,808</u>	

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

**Schedule of Unappropriated Reserves for Grants**

**Federal and State Grant Fund**

**Year Ended December 31, 2015**

Grant	Balance, Dec. 31, 2014	Transfer To 2015 Budget	Received	Balance, Dec. 31, 2015
Alcohol Education Rehabilitation	\$ 650			650
Body Armor Grant	5,224	5,223	5,299	5,300
Enforcing Underage Drinking Law Program	3,439	1,773		1,666
Federal OEM Grant			5,000	5,000
	<u>\$ 9,313</u>	<u>6,996</u>	<u>10,299</u>	<u>12,616</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Appropriated Reserves for Grants

## Federal and State Grant Fund

Year Ended December 31, 2015

Grant	Balance, Dec. 31, 2014	Transfer From 2015 Budget	Adjustment	Expended	Balance, Dec. 31, 2015
Clean Communities Program Grant - 2009	\$ 1,199				1,199
Clean Communities Program Grant - 2013	3,616				3,616
Clean Communities Program Grant - 2014	45,268			44,902	366
Clean Communities Program Grant - 2015		60,032		13,795	46,237
Body Armor Replacement Program - 2007	14,243				14,243
Body Armor Replacement Program - 2008	6,198				6,198
Body Armor Replacement Program - 2009	5,196				5,196
Body Armor Replacement Program - 2012	10,490			2,883	7,607
Body Armor Replacement Program - 2015		5,223			5,223
Emergency Management Assistance Funding - 2011	5,000			5,000	
Emergency Management Assistance Funding - 2013	5,000			5,000	
Drunk Driving Enforcement Grant - 2011	25,636		(1,709)		23,927
Drunk Driving Enforcement Grant - 2012	4,081		1,709		5,790
Drunk Driving Enforcement Grant - 2015		1,773			1,773
Alcohol Education and Rehabilitation	970				970
Alcohol Education and Rehabilitation	884				884
Alcohol Education and Rehabilitation - 2007	1,692				1,692
Alcohol Education and Rehabilitation - 2009	1,253				1,253
Alcohol Education and Rehabilitation - 2011	804				804
Alcohol Education and Rehabilitation - 2012	162				162
Alcohol Education and Rehabilitation - 2014	950				950
Fair Lawn Granular Activated Carbon Grant	67,627				67,627
Municipal Alliance - 2013				(2,320)	2,320
Municipal Alliance on Alcoholism and Drug Abuse		15,279		10,342	4,937
Smart Growth	7,000				7,000
Police County - 2012	2,250				2,250
Over the Limit Under Arrest - 2012	4,400				4,400
Bullet Proof Vest	4,200				4,200
Bullet Proof Vest - 2012	16,705				16,705
COPS in Shops - 2011	1,413				1,413
COPS in Shops - 2012	4,500				4,500
COPS in Shops - 2013	5,062				5,062
COPS in Shops - 2014	6,180				6,180
Forestry Grant	2,400				2,400
Flood Insurance	20,920				20,920
Environmental Grant - 2013	1,150				1,150
Hazard Mitigation Grant - 2013	142,080				142,080
Health NJACCHO	1,255				1,255
Health NJACCHO - 2015		3,200			3,200
Matching Funds for Grants - 2013	10,353				10,353
Matching Funds for Grants - 2014	13,000				13,000
NJDOT - Berdan Ave		75,000		75,000	
NJDOT - Radburn Road		37,250		37,250	
NJDOT - Plaza Road		111,750		111,750	
Bergen County Open Space - Columbia Heights		7,192		7,192	
Bergen County Open Space - Vogel Park		38,838		38,838	
	<u>\$ 443,137</u>	<u>355,537</u>		<u>349,632</u>	<u>449,042</u>
		Budget 22,275			
		Appropriated by 40a:4-87 <u>333,262</u>			
		<u>\$ 355,537</u>			
			Cash Disbursed 301,493		
			Encumbrances <u>48,139</u>		
				<u>\$ 349,632</u>	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2015

	Animal Trust Fund	Other Trust Fund	Unemployment Comp. Ins. Fund	Self- Insurance Trust Fund	Council on Affordable Housing Trust Fund	Free Public Library Trust Fund	Cafeteria Plan Trust Fund	Emergency Services LOSAP Fund	Veterans Affairs Fund
Balance - December 31, 2014	\$ 50,996	1,153,106	216,387	5,214,210	25,399	108,949	13,116	1,064,957	
Increase by Receipts:									
Prepaid Dog License Fees Collected	6,815								
Dog License Fees Collected	17,252								
Cat License Fees Collected	1,359								
Other Miscellaneous Fees	2,908								
State Fees	3,829	4,045							
Other Trust Receipts - Sundry Reserves and Deposits		1,783,253							
Escrow Deposits		177,086							
Other Trust Receipts - Donations and Deposits		78,473							
Animal Trap Deposits	110								
Donations									6,640
Contributions Deposited								73,065	
Interest Income/ Gain on Investment	222	1,755	234	5,878	41	163	16	2,590	
Payroll Deductions			41,531				14,516		
Insurance Reimbursements				221,051					
Worker's Compensation/ Liability Budget Approp. - Current				1,571,821					
Adjustment - Passbook not recorded						4,185			
Budget Appropriation			90,000	9,072,770					
<b>Total Receipts</b>	<b>32,493</b>	<b>2,044,612</b>	<b>131,765</b>	<b>10,871,520</b>	<b>41</b>	<b>4,348</b>	<b>14,532</b>	<b>75,655</b>	<b>6,640</b>
	83,489	3,197,718	348,152	16,085,730	25,440	113,297	27,648	1,140,612	6,640
Decreased by Disbursements:									
Animal License Expenditures	11,713								
State Fees	5,095	3,930	89,256						
Animal Trap Refunds									
Due to Current Fund				3,493					
Other Trust Disbursements-Sundry Reserves and Deposits		1,576,082							
Escrow Disbursements		157,780							
Other Trust Disbursements-Donations and Deposits		28,472							
Due to State of NJ-Unemployment Fees									
Insurance-Health Benefits				7,159,603					
Insurance-Liability Claims				568,071					
Insurance-Worker's Compensation Claims				897,515					
Disbursements-Council for Affordable Trust							8,005		
Cafeteria Plan Disbursements									
Plan Service Charges								690	
Loss on Investment								18,157	
Distributions								10,112	
<b>Total Disbursements</b>	<b>16,808</b>	<b>1,766,264</b>	<b>89,256</b>	<b>8,628,682</b>	<b></b>	<b></b>	<b>8,005</b>	<b>28,959</b>	<b></b>
	66,681	1,431,454	258,896	7,457,048	25,440	113,297	19,643	1,111,653	6,640
Balance - December 31, 2015									

**Exhibit B-2**

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

**Schedule of Prepaid Dog Licenses**

**Trust Funds**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$	3,434
Increased by:		
Collections		<u>6,813</u>
		10,247
Decreased by:		
Applied to 2015 Licenses		<u>3,434</u>
Balance - December 31, 2015	\$	<u><u>6,813</u></u>

**Exhibit B-3**

**Schedule of Animal Trap Deposits**

**Trust Funds**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$	7,730
Increased by:		
Collections		<u>110</u>
Balance - December 31, 2015	\$	<u><u>7,840</u></u>

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

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

**Trust Funds**

**Year Ended December 31, 2015**

	Dog License Fees	Other Trust Marriage/ Civil Union Fees	Burial Permit Fees	Quarterly Unemployment Taxes Due
Balance - December 31, 2014	\$ <u>1,308</u>	<u>795</u>	<u>15</u>	<u>10,109</u>
Increased by:				
Dog License Fees	3,829			
Civil Union Fees				
Marriage License Fees		4,025		
Burial Permit Fees			20	
Withholdings				89,537
	<u>3,829</u>	<u>4,025</u>	<u>20</u>	<u>89,537</u>
	5,137	4,820	35	99,646
Decreased by:				
Cash Disbursements	<u>5,095</u>	<u>3,900</u>	<u>30</u>	<u>89,256</u>
Balance - December 31, 2015	\$ <u><u>42</u></u>	<u><u>920</u></u>	<u><u>5</u></u>	<u><u>10,390</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Interfunds Receivable/(Payable)

## Trust Funds

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
Animal Control Trust:				
Current Fund	\$ (27)		222	(249)
Other Trust Fund:				
Current Fund	(737)		1,754	(2,491)
Unemployment Compensation Insurance				
Trust Fund:				
Current Fund			234	(234)
Payroll Fund	3,551			3,551
	3,551		234	3,317
Self-Insurance Trust Fund:				
Current Fund - Due from Worker's Compensation	(480,000)		911	(480,911)
Current Fund - Due from Health Benefits Fund		3,493	3,730	(237)
Current Fund - Due from Self-Insurance Liability	(3,629)	475,430	1,237	470,564
	(483,629)	478,923	5,878	(10,584)
Cafeteria Plan Trust Fund:				
Current Fund	(430)		16	(446)
Veterans Affairs				
Current Fund			3	(3)
	\$ (481,272)	478,923	8,107	(10,456)
Reimbursements		475,430		
Disbursements		3,493	190	
Interest on Investments			7,917	
		\$ 478,923	8,107	

BOROUGH OF FAIR LAWN, N.J.

Schedule of Sundry Reserve and Deposits

Trust Funds

Year Ended December 31, 2015

	Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2015</u>
Parking Offenses Adjudication Act	\$ 29,822	1,866		31,688
Tax Title Lien Redemptions	515,234	1,781,387	1,576,082	720,539
Found Money	6,921			6,921
Insurance Proceeds-				
Damage to Borough Cars	2,047			2,047
State Nextel Purchase	4			4
Miscellaneous Reserves	4,845			4,845
	<u>\$ 558,873</u>	<u>1,783,253</u>	<u>1,576,082</u>	<u>766,044</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Escrow Reserve and Deposits

## Trust Funds

Year Ended December 31, 2015

	Balance Dec. 31, 2014	<u>Increased</u>	<u>Decreased</u>	Balance Dec. 31, 2015
Street Opening Deposits	\$ 16,400	5,000		21,400
Performance Bond	1,000			1,000
Performance Bond Paramus Auto Mall	98,130			98,130
Board of Education	1,850			1,850
Fisher Scientific	6,000			6,000
Damage to Borough Property	20,906			20,906
Fairlawn Commons Restoration Bond	26,922			26,922
Eldorado Village - Rent Board Capital Imp	2,666			2,666
Maintenance Bond-Hockey Rink	1,213			1,213
18-35 River Road LLC Escrow	17,432			17,432
CDBG - Senior Kitchen	5,000			5,000
Zoning Board Escrow	41,997	150,586	137,360	55,223
Planning Board Escrow	153,049	21,500	20,420	154,129
Council Escrow	14,720			14,720
	<u>\$ 407,285</u>	<u>177,086</u>	<u>157,780</u>	<u>426,591</u>
		Cash Receipts 177,086		
		Cash Disbursements	157,780	
		<u>\$ 177,086</u>	<u>157,780</u>	
		Street Opening Deposits		21,400
		Performance Bonds		99,130
		Escrow Accounts		<u>306,061</u>
				<u>\$ 426,591</u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Donation Reserve and Deposits

## Trust Funds

Year Ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Human Services Donations	\$ 51,989	26,070	5,322	72,737
Tree Planting Donations	2,213	1,425	1,425	2,213
Economic Development Donations	2,142			2,142
Flower Pot Donations	976	5,000		5,976
Community Police Donations	19,196	9,617	9,061	19,752
Reserve Police Donations	2,093			2,093
Concert Donations	25,261	2,850		28,111
Fireworks Donations	51,254	27,741	2,000	76,995
Fire Victims Donations	824			824
Camp Donations	343			343
Civil War Event Donations	922		694	228
Fire Department Donations	3,083			3,083
Hepatitis Shot Donations	2,024			2,024
LEPC Account Donations	31			31
Senior Center Donations	3,222	245	2,576	891
Adopt a Bench Donations	4,231	4,899	7,011	2,119
Safety Program Donations	252			252
Police Explorers Donations	1,916	226		2,142
Collura Memorial Donations	2,890			2,890
Police Vests Donations	5,750			5,750
FI Vol Coalition Donations	383			383
Certification Donations	3,907	400	383	3,924
Nauglehouse	500			500
	<u>\$ 185,402</u>	<u>78,473</u>	<u>28,472</u>	<u>235,403</u>
Cash Receipts		78,473		
Cash Disbursements			28,472	
		<u>\$ 78,473</u>	<u>28,472</u>	

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

**Schedule of Reserve for Animal Trust Fund Expenditures**

**Trust Funds**

**Year Ended December 31, 2015**

Balance - December 31, 2014		\$	38,497
Increased by:			
Dog License Fees:			
Collections	\$	17,252	
Prepays Applied		<u>3,434</u>	
		\$	20,686
Cat License Fees			1,359
Miscellaneous Revenue:			
Impound Fees		530	
Removal of Animal		1,400	
Donations		778	
Kennel License		<u>200</u>	
			<u>2,908</u>
			<u>24,953</u>
			63,450
Decreased by:			
Expenditures Under R.S. 4:19-15.11			<u>11,713</u>
Balance - December 31, 2015		\$	<u><u>51,737</u></u>

Animal License Fees Collected

	<u>Year</u>		
	2013	\$	24,637
	2014		<u>29,829</u>
Maximum Reserve	\$		<u><u>54,466</u></u>

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Reserve for State Unemployment**  
**Insurance Trust Fund Expenditures**

**Trust Funds**

**Year Ended December 31, 2015**

Balance - December 31, 2014		\$	209,829
Increased by:			
Budget Appropriation	\$		90,000
Payroll Deductions			41,531
Interest on Investments			<u>234</u>
			<u>131,765</u>
			341,594
Decreased by:			
Due to Current Fund			234
Due to State of New Jersey			<u>89,537</u>
			<u>89,771</u>
Balance - December 31, 2015		\$	<u><u>251,823</u></u>

## BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Worker's  
Compensation Trust Fund Expenditures

## Trust Funds

Year Ended December 31, 2015

Balance - December 31, 2014		\$	311,298
Increased by:			
Budget Appropriations	\$	1,055,771	
Reimbursements		13,184	
Interest on Investments		<u>911</u>	
			<u>1,069,866</u>
			1,381,164
Decreased by:			
Due to Current Fund		911	
Payment of Claims		<u>897,515</u>	
			<u>898,426</u>
Balance(Deficit) - December 31, 2015		\$	<u><u>482,738</u></u>

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

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

**Trust Funds**

**Year Ended December 31, 2015**

Balance - December 31, 2014		\$ 1,206,885
Increased by:		
Budget Appropriations	\$ 516,050	
Due from Current Fund	475,430	
Insurance Reimbursements	207,867	
Interest on Investments	<u>1,237</u>	
		<u>1,200,584</u>
		2,407,469
Decreased by:		
Due to Current Fund	1,237	
Payment of Claims	<u>568,071</u>	
		<u>569,308</u>
Balance - December 31, 2015		\$ <u><u>1,838,161</u></u>

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Reserve for Health**  
**Benefits Plan Trust Fund Expenditures**  
**Trust Funds**  
**Year Ended December 31, 2015**

Balance - December 31, 2014		\$ 3,212,398
Increased by:		
Cash Receipts	\$ 9,072,770	
Interest on Investments	<u>3,730</u>	
		<u>9,076,500</u>
		12,288,898
Decreased by:		
Payment of Claims	7,159,603	
Interfund - Due to Current	<u>3,730</u>	
		<u>7,163,333</u>
Balance - December 31, 2015		\$ <u><u>5,125,565</u></u>

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

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

**Trust Funds**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$	25,399
Increased by:		
Receipts	\$	<u>41</u>
Balance - December 31, 2015	\$	<u><u>25,440</u></u>

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Reserves for Library Expenditures**  
**Library Trust Fund**  
**Year Ended December 31, 2015**

Balance - December 31, 2014	\$	16,478
Increased by:		
Adjustment - Passbook not recorded	\$	4,185
Interest		163
		4,348
Balance - December 31, 2015	\$	20,826

BOROUGH OF FAIR LAWN, N.J.

Schedule of Restricted Reserves for Library Expenditures

Library Trust Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$ <u>92,471</u>
Balance - December 31, 2015	\$ <u><u>92,471</u></u>
<u>Analysis of Balance</u>	
Eva Kaplan Trust Fund	\$ 17,921
Shirley T. Rosen Trust Fund	69,050
Endowment Program - Pavers	<u>5,500</u>
	\$ <u><u>92,471</u></u>

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

**Schedule of Reserve for Cafeteria Plan Expenditures**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$ 12,686
Increased by:	
Cash Receipts	<u>14,516</u>
	27,202
Decreased by:	
Cash Disbursements	<u>8,005</u>
Balance - December 31, 2015	<u><u>\$ 19,197</u></u>

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Service Award Contributions Receivable**

**Trust Funds**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$	73,065
Increased by:		
2015 Service Award Contributions		<u>79,948</u>
		153,013
Decreased by:		
Distributions		<u>73,065</u>
Balance - December 31, 2015	\$	<u><u>79,948</u></u>

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Net Assets Available for Benefits**  
**Trust Funds**  
**Year Ended December 31, 2015**

Balance - December 31, 2014		\$ 1,138,022
Increased by:		
Contributions	\$ 79,948	
Interest on Investments	<u>2,590</u>	
		<u>82,538</u>
		1,220,560
Decreased by:		
Plan Service Charges	690	
Distributions	18,157	
Loss on Investment	<u>10,112</u>	
		<u>28,959</u>
Balance - December 31, 2015		\$ <u><u>1,191,601</u></u>

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

**Schedule of Reserve for Veteran Affairs Expenditures**

**Year Ended December 31, 2015**

Increased by:	
Cash Receipts	\$ <u>        6,640</u>
Balance - December 31, 2015	\$ <u>        6,640</u>

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

**Schedule of Cash**

**General Capital Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014		\$	1,541,361
Increased by Receipts:			
State Grants and County Grants	\$	72,486	
Federal Grants		433,688	
Other Receivables		89,087	
Interfunds		9,467	
Premium on Note Sale		294,495	
Capital Improvement Fund		200,000	
Deferred Charges - Unfunded			
Bond Anticipation Notes		6,167,200	
Reserve for Payment of Debt		5,000	
Interest on Investments		<u>2,705</u>	
			<u>7,274,128</u>
			8,815,489
Decreased by Disbursements:			
Improvement Authorizations		2,115,563	
Interfunds		9,467	
Encumbrances payable		<u>1,670,020</u>	
			<u>3,795,050</u>
Balance - December 31, 2015		\$	<u><u>5,020,439</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Analysis of Cash

## General Capital Fund

Year Ended December 31, 2015

Fund Balance	\$	1,383,235
State and County Grants Receivable		(412,406)
Federal Grants Receivable		(1,325,002)
Interfund Accounts Receivable		(1,040,000)
Encumbrances Payable		2,026,113
Special Reserves		861,886
Reserve for Unappropriated State Grant		15,464
Capital Improvement Fund		187,697
Interfund Accounts Payable		416,191
Reserve for Grants Receivable		18,243

## Improvement Authorizations:

## Ordinance

<u>Number</u>	<u>Improvement Description</u>	
1941	Multiple Purpose	16,808
1965	Multiple Purpose	20,231
2017	Multi Purpose	31,364
2030	Multi Purpose	2,079
2053	Multi Purpose	(41,695)
2194	Various Improvements	64,660
2219	Various Improvements	91,547
2220	Improvement of Various Roads	15,324
2233	Broadway Corridor	150,000
2235	Bergen County Open Space	39,000
2244	Road Improvements	56,732
2245	Various Improvements	492,659
2247	Broadway Corridor, Phase 2	146,500
2259	Improvements to Parks - Vogel/George St.	(34,155)
2281	Municipal Park Improvements - Bergen Co. Open Space	(73,305)
2284	Various Improvements	282,285
2285	Improvements to Various Roads	8,202
2288	Improvements to Chandler Dr. - CDBG	47,103
2293	ADA Ramps, Curbs and Sidewalks	171,500
2294	Berdan Grove ADA Park Improvements	(50,000)
2302	Senior Grease Trap/Sewer Line	20,000
2309	Various Improvements	4,195
2310	Various Improvements	525,359
2320	Fair Lawn Corridor Safety Improvements	71,528
2326	Columbia Heights - Passive Park	7,195
2337	Various Improvements	176,959
2338	Roadway Improvements	609,149
2348	Senior Center Hand Railings	17,530
2355	Generator Project for Emergency Services	20,264

\$ 5,020,439

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of State & County Grants Receivable**

**General Capital Fund**

Year Ended December 31, 2015

	Grant Amount	Year	Ordinance	Balance Dec. 31, 2014	Received	Canceled	Balance Dec. 31, 2015
<u>Bergen County Open Space Grant:</u>							
Nangle Park	19,500	2012	2235	\$ 19,500	19,250	250	10,273
Vogel Park	50,000	2013	2259	50,000	39,727		25,000
Nangle - Vanderbeck	25,000	2014	2310/2322	25,000			6,491
Columbia Park	20,000	2014	2326	20,000	13,509		
<u>State of New Jersey - Green Acres Grant:</u>							
2nd Street Property	146,000	2012	2254	146,000			146,000
<u>Bergen County Dept. of Public Works</u>							
County-wide ADA ramps/curbs/sidewalks	200,000	2014	2293	200,000			200,000
				\$ 460,500	72,486	250	387,764

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Local Grants Receivable**

**General Capital Fund**

Year Ended December 31, 2015

	Balance Dec. 31, 2014	Increased	Decreased	Balance Dec. 31, 2015
Due from JP Morgan Chase - Parking Lot Paving	\$ 16,604		3,600	13,004
Board of Education - Joint Street Paving		97,125	85,487	11,638
	16,604	97,125	89,087	24,642

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Federal Grants Receivable**

**General Capital Fund**

**Year Ended December 31, 2015**

	Grant Amount	Year	Ordinance	Balance Dec. 31, 2014	2015 Grants Authorized	Received	Canceled	Balance Dec. 31, 2015
<u>Community Development Block Grant:</u>								
Senior Center Improvements	30,000	2012	2248	30,000		10,500	19,500	
Improvement to Chandler Drive	162,000	2013	2288	116,897		102,000	14,897	6,812
2014 Road Re-Surfacing	104,000	2014	2303	104,000		97,188		20,000
Senior Center Grease Trap	20,000	2014	2302	20,000				22,530
Handicapped Ramps	22,530	2015	2346		22,530			162,530
Road Resurfacing	162,530	2015	2347		162,530			17,530
Senior Center Hand Railings	17,530	2015	2348		17,530			
<b>Total Community Development Block Grants</b>				<b>270,897</b>	<b>202,590</b>	<b>209,688</b>	<b>34,397</b>	<b>229,402</b>
<u>New Jersey Transportation Trust Fund</u>								
Improvements to B'Way Phase I	150,000	2012	2233	150,000				150,000
Improvements to B'Way Phase II	146,500	2012	2247	146,500				146,500
Berdan Ave Paving Phase II	300,000	2013	2263	75,000		75,000		
Radburn Avenue	149,000	2014	2318	37,250		37,250		
Fairlawn Avenue Corridor Safety Imp Proj	511,850	2014	2320	511,850				511,850
NU DOT - Plaza Road	149,000	2015	2349		149,000	111,750		37,250
<b>Total New Jersey Transportation Trust Fund</b>				<b>920,600</b>	<b>149,000</b>	<b>224,000</b>		<b>845,600</b>
<u>U.S. Department of Homeland Security:</u>								
Assistance to Office of Emergency Mngt	250,000	2015	2355		250,000			250,000
<b>Total U.S. Department of Justice</b>					<b>250,000</b>			<b>250,000</b>
				<b>\$ 1,191,497</b>	<b>601,590</b>	<b>433,688</b>	<b>34,397</b>	<b>1,325,002</b>

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

**Schedule of Deferred Charges to Future  
Taxation - Funded**

**General Capital Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014 \$ 24,010,000

Decreased by:

Current year Budget Appropriations:

Capital Lease Principal	\$ 405,000
Serial Bond Principal	<u>1,925,000</u>

2,330,000

Balance - December 31, 2015 \$ 21,680,000

**Analysis of Balance:**

Capital Leases Payable	10,110,000
Bond Payable	<u>11,570,000</u>

21,680,000

BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2015

Ordinance Number	Improvement Description	Balance		2015 Authorizations	Funded	Balance Dec. 31, 2015	Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
		Dec. 31, 2014							
	General Improvements:								
2053	Multiple Purpose	\$ 166,152			4,000	162,152	96,000	41,695	24,457
2074	Multiple Purpose	346,000			9,483	336,517	336,517		
2122	Multiple Purpose	419,000			11,484	407,516	407,516		
2159	Various Public Improvements	868,000			23,791	844,209	844,209		
2182	Acquisition of Equipment - Police Dept.	36,000			987	35,013	35,013		
2185	Fire Dept Equipment/Equipment and Supplies								
	Supplies for Fire Prevention Office	9,100			249	8,851	8,851		
2194	Various Improvements	1,185,000			32,480	1,152,520	1,152,520		
2210	Repeat 2204-10; Acquisition of the Naugle House Property	210,000			5,756	204,244	204,244		
2219	Various Improvements	1,014,100			27,796	986,304	986,304		
2220	Improvements to Various Roads	553,000			15,157	537,843	537,843		
2244	Road Improvements	485,000			13,294	471,706	471,706		
2245	Various Improvements	2,523,000			68,523	2,454,477	2,431,477		23,000
2259	Improv. To Parks - Vogel/George St.	50,000				50,000	50,000		
2281	Mun. Park Improv. - BC OS	75,000				75,000	75,000		
2284	Various Improvements	2,104,315			20,000	2,084,315	2,084,100		215
2285	Improvements to Various Roads	484,500			20,000	464,500	464,500		
2294	Berdan Grove ADA Park Improv	50,000				50,000	50,000		
2309	Various Improvements	864,500				864,500	864,400		100
2310	Various Improvements	1,506,336				1,506,336	1,506,000		336
2337	Various Improvements			1,999,000		1,999,000	1,999,000		949,000
2338	Roadway Improvements			1,142,800		1,142,800	1,142,800		
		\$ 12,949,003		3,141,800	253,000	15,837,803	14,624,000	199,155	1,014,648

Improvement Authorizations - Unfunded 3,341,719  
Less: Unexpended proceeds of Bond Anticipation Notes 3,341,719

Ordinance:

2194	64,660
2219	91,547
2220	15,324
2244	56,732
2245	482,659
2284	282,285
2285	8,202
2309	4,195
2310	525,359
2337	176,959
2338	609,149
	<u>2,327,071</u>

\$ 1,014,648

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

**General Capital Fund**

Year Ended December 31, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2015		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount				
Multi-Purpose	Dec. 1, 2001	15,255,000	12/01/16	1,205,000	4.625%	\$ 2,405,000	1,200,000	1,205,000
			12/15/16	785,000	3.000%	11,090,000	725,000	10,365,000
			12/15/17	880,000	3.000%			
			12/15/18	905,000	3.000%			
			12/15/19	920,000	3.000%			
			12/15/20	935,000	3.250%			
			12/15/21	950,000	3.500%			
			12/15/22	965,000	3.500%			
			12/15/23	980,000	3.750%			
			12/15/24	995,000	3.750%			
Multi-Purpose	Dec. 15, 2010	13,415,000	12/15/25	1,025,000	3.875%			
			12/15/26	1,025,000	4.000%			
						<u>\$ 13,495,000</u>	<u>1,925,000</u>	<u>11,570,000</u>

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Capital Leases Payable**

**General Capital Fund**

**Year Ended December 31, 2015**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2015		Interest Rate	Balance Dec. 31, 2014	Decreased	Balance Dec. 31, 2015
			Date	Amount				
Recreation Center	Nov. 15, 2004	12,860,000	09/15/16	335,000	4.250%	10,515,000	405,000	10,110,000
			09/15/17	350,000	4.250%			
			09/15/18	365,000	4.000%			
			09/15/19	380,000	4.000%			
			09/15/20	395,000	4.000%			
			09/15/21	410,000	4.125%			
			09/15/22	425,000	5.000%			
			09/15/23	450,000	5.000%			
			09/15/24	470,000	5.000%			
			09/15/25	495,000	5.000%			
			09/15/26	520,000	5.000%			
			09/15/27	545,000	5.000%			
			09/15/28	570,000	5.000%			
			09/15/29	600,000	5.000%			
			09/15/30	630,000	5.000%			
		09/15/31	660,000	5.000%				
		09/15/32	695,000	5.000%				
		09/15/33	730,000	5.000%				
		09/15/34	765,000	5.000%				
						\$ 10,515,000	405,000	10,110,000

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

**Schedule of Reserve for Encumbrances Payable**

**General Capital Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$ 1,670,020
Increased by:	
Charged to Improvement Authorizations	<u>2,026,113</u>
	3,696,133
Decreased by:	
Payments	<u>1,670,020</u>
Balance - December 31, 2015	<u>\$ 2,026,113</u>



**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Reserve for Special Reserves**  
**General Capital Fund**  
**Year Ended December 31, 2015**

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Ordinance 1737	\$ 1,127		1,127
Community Development Block Grants	25,012		25,012
Public Works Act of 1976	1,750		1,750
Reserve for JP Morgan Receivable	20,204		20,204
Reserve for Debt	<u>          </u>	<u>813,793</u>	<u>813,793</u>
	<u>\$ 48,093</u>	<u>813,793</u>	<u>861,886</u>
		Cancellations 808,793	
		Cash <u>5,000</u>	
		<u>\$ 813,793</u>	
 <u>Analysis of Balance</u>			
Reserve for Public Works Act of 1976			1,750
Reserve for Payment of Debt - Barrier Free Curb Cuts			26,139
Reserve for JP Morgan Co-operative Parking Lot Receivable			20,204
Reserve for Debt			<u>813,793</u>
			<u>\$ 861,886</u>

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

**Schedule of Improvement Authorizations**

**General Capital Fund**

**Year Ended December 31, 2015**

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2014		2015 Authorizations	Paid or Charged	Authorizations Canceled	Balance Dec. 31, 2015	
			Funded	Unfunded				Funded	Unfunded
<u>General Improvements:</u>									
1941	Multiple Purpose (CDBG)	3,207,750	16,808					16,808	
1965	Multiple Purpose	1,620,000	20,231					20,231	
2017	Multi Purpose	940,800	31,364					31,364	
2030	Multi Purpose	804,300	2,079					2,079	24,457
2053	Multi Purpose	3,087,000		24,708		251			
2159	Various Public Improvements	1,701,000		560		560			
2194	Various Improvements	1,297,050		244,880		54,037	126,183		64,660
2210	Various Improvements	1,850,000		188,012		(16,324)	204,336		
2214	Acquisition of Real Property, 1206/18	435,000	56,025			(2,089)	56,025		91,547
2219	Various Improvements	1,103,800		181,062		132,231	91,604		15,324
2220	Improvement of Various Roads	610,000		147,944			389		
2233	Broadway Corridor	150,000	150,000					150,000	
2235	Bergen County Open Space	39,000	39,000					39,000	
2244	Road Improvements	510,000		28,540		(28,192)			56,732
2245	Various Improvements	2,656,000		813,620		18,865	279,096		515,659
2248	Senior Center Improvements		19,500				19,500		
2247	Broadway Corridor Phase 2	146,500	146,500					146,500	
2254	4-50 Second Street	312,000	554				554		
2259	Improv. To Parks - Vogel/George Street	100,000		13,523		(2,322)			15,845
2281	Muni Park Improvements - BC OS	150,000	1,695						1,695
2284	Various Improvements	2,217,700		703,893		353,852	67,541		282,500
2285	Improvements to Various Roads	510,000		10,000		1,798			8,202
2288	Improv. Chandler Drive CDBG	162,000	62,000				14,897		
2293	ADA Ramps, Curbs and Sidewalks	200,000	200,000					200,000	
2302	Senior Grease Trap/Sewer Line	20,000	20,000					20,000	
2309	Various Improvements	910,000		504,240		499,945			4,295
2310	Various Improvements	1,612,000		967,213		401,625	39,893		525,695
2320	Fair Lawn Corridor Safety Improvements	511,850	511,850			440,322		71,528	
2322	Naugle-Vanderbeck House	25,000							
2326	Columbia Heights - Passive Park	20,000	40,000			32,805		7,195	
2337	Various Improvements	2,100,000				974,041			1,125,959
					2,100,000				

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Improvement Authorizations**

**General Capital Fund**

**Year Ended December 31, 2015**

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2014		2015 Authorizations	Paid or Charged	Authorizations Canceled	Balance Dec. 31, 2015	
			Funded	Unfunded				Funded	Unfunded
2238	Roadway Improvements	1,200,000			1,200,000	590,851			609,149
2346	Handicapped Accessible Curb Ramps	22,530			22,530	22,530			
2347	Road Resurfacing	162,530			162,530	162,530			
2348	Senior Center Hand Railings	17,530			17,530			17,530	
2349	Improvements to Plaza Road	149,000			149,000	149,000			
2355	Generator Project for Emergency Services	250,000			250,000	229,736		20,264	
			\$ 1,317,606	3,828,195	3,901,590	4,044,552	900,018	761,102	3,341,719
	Capital Improvement Fund				158,200				
	Community Development Block Grant				202,590				
	2015 DOT Municipal Aid Program				149,000				
	Federal Emergency Management Agency (FEMA)				250,000				
	Deferred Charges - Unfunded				3,141,800				
					<u>3,901,590</u>				
	Reimbursements					(97,124)			
	Encumbrances					2,026,113			
	Disbursed					<u>2,115,563</u>			
						<u>4,044,552</u>			

Exhibit C-14

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

**Schedule of Reserve on Bond Anticipation Notes**

**General Capital Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$	86,154
Increased by:		
Cash Receipts - Premium on BAN		<u>294,495</u>
		380,649
Decreased by:		
Reclassification of Premium to Fund Balance	\$	<u><u>380,649</u></u>

Exhibit C-15

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

**General Capital Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$	<u>15,464</u>
Balance - December 31, 2015	\$	<u><u>15,464</u></u>

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

**Schedule of Capital Improvement Fund**

**General Capital Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014	\$ 145,897
Increased by:	
Budget Appropriation	<u>200,000</u>
	345,897
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>158,200</u>
Balance - December 31, 2015	<u><u>\$ 187,697</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2015

	Due from/(to) Balance Dec. 31, 2014	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance Dec. 31, 2015
Current Fund	\$ (352,217)		59,284	(411,501)
Federal and State Grant Fund		9,467	9,467	
Water Utility Capital Fund	1,040,000			1,040,000
Water Utility Operating Fund	<u>(4,690)</u>			<u>(4,690)</u>
	<u>\$ 683,093</u>	<u>9,467</u>	<u>68,751</u>	<u>623,809</u>
<u>Analysis</u>				
Due to General Capital Fund	1,040,000	9,467	9,467	1,040,000
Due from General Capital Fund	<u>(356,907)</u>		<u>59,284</u>	<u>(416,191)</u>
	<u>\$ 683,093</u>	<u>9,467</u>	<u>68,751</u>	<u>623,809</u>
			Cash Receipts \$ 9,467	
			Interest on Investments 2,705	
			Reclassification of Canceled Ordinances 56,579	
		<u>9,467</u>		
		<u>\$ 9,467</u>	<u>68,751</u>	

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

**Schedule of Reserve for Grants Receivable**

**General Capital Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014 \$ 18,243

Balance - December 31, 2015 \$ 18,243

Analysis of Balance

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

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## General Capital Fund

Year Ended December 31, 2015

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2014</u>	<u>2015 Authorizations</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2015</u>
<u>General improvements:</u>					
2053	Multiple Purpose	\$ 66,152			66,152
2245	Various Improvements	23,000			23,000
2259	Improv. To Parks - Vogel/George St.	50,000			50,000
2281	Municipal Park Imps. - BCOS	75,000			75,000
2284	Various Improvements	1,604,215		1,604,000	215
2294	Berdan Grove ADA Park Imps.	50,000			50,000
2309	Various Improvements	864,500		864,400	100
2310	Various Improvements	1,506,336		1,506,000	336
2337	Various Improvements		1,999,000	1,050,000	949,000
2338	Improvement of Various Roads		1,142,800	1,142,800	
		<u>\$ 4,239,203</u>	<u>3,141,800</u>	<u>6,167,200</u>	<u>1,213,803</u>
				Bond Anticipation Notes <u>6,167,200</u>	
				<u>\$ 6,167,200</u>	

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Cash - Treasurer

## Water Utility Fund

Year ended December 31, 2015

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2014	\$ 4,393,138	3,495,161
Increased by Receipts:		
Water Collector	6,591,500	
Interest on Investments	12,886	3,597
Other Miscellaneous	81,097	
Water Rent Overpayments	2,883	
Budget Appropriation - Deferred Charges		65,000
Capital Improvement Fund		40,000
Bond Anticipation Notes		1,031,000
	<u>6,688,366</u>	<u>1,139,597</u>
	11,081,504	4,634,758
Decreased by Disbursements:		
2015 Appropriations	5,528,057	
2014 Appropriation Reserves	223,902	
Interfunds		1,000,000
Water Rent Overpayments	1,036	
Accrued Interest on Bonds	80,568	
Encumbrances		113,277
Improvement Authorizations		126,027
	<u>5,833,563</u>	<u>1,239,304</u>
Balance, December 31, 2015	\$ <u>5,247,941</u>	<u>3,395,454</u>

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

**Analysis of Cash**

**Water Utility Capital Fund**

**December 31, 2015**

		Balance, Dec. 31, <u>2015</u>
Fund Balance		\$ 134,894
Encumbrances Payable		472,877
Capital Improvement Fund		31,230
Interfunds Accounts Payable		2,701,527
Improvement authorizations:		
Ordinance		
<u>number</u>	<u>General improvements</u>	
2031	Multiple Purpose	(233,607)
2054	Improvements to Water System	(45,265)
2160	Improvements to Water System	(81,411)
2218	Various Improvements to Water System	(59)
2123	Improvements to Water System	12,141
2243	Various Improvements to Water System	91,635
2286	Impr. To Water Supply & Distr. System	97,624
2311	Impr. To Water Supply & Distr. System	7,106
2339	Impr. To Water Supply & Distr. System	<u>206,762</u>
		<u>\$ 3,395,454</u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

Water Utility Operating Fund

Year ended December 31, 2015

	Due from/(to) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	Due from/(to) Balance <u>Dec. 31, 2015</u>
Current Fund	\$ 19,800		19,800
General Capital Fund	4,690		4,690
Water Utility Capital Fund	<u>407,830</u>	<u>3,597</u>	<u>411,427</u>
	<u>\$ 432,320</u>	<u>3,597</u>	<u>435,917</u>
 <u>Analysis</u>			
Due to Water Utility Operating Fund	<u>432,320</u>	<u>3,597</u>	<u>435,917</u>
	<u>\$ 432,320</u>	<u>3,597</u>	<u>435,917</u>
 Interest on Investments			
		\$ <u>3,597</u>	
		<u>\$ 3,597</u>	

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

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

**Water Utility Fund**

**Year ended December 31, 2015**

Balance, December 31, 2014	\$ 491,194
Increased by:	
2015 Levy	<u>6,597,075</u>
	7,088,269
Decreased by:	
Cash receipts	<u>6,591,499</u>
Balance, December 31, 2015	<u><u>\$ 496,770</u></u>

**Inventory - Material and Supplies**

**Water Utility Fund**

**Year ended December 31, 2015**

Balance, December 31, 2014	\$ 103,474
Decreased by:	
Inventory usage	<u>7,610</u>
Balance, December 31, 2015	<u><u>\$ 95,864</u></u>

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Fixed Capital

## Water Utility Capital Fund

Year ended December 31, 2015

<u>Account</u>	Balance, Dec. 31, <u>2014</u>	Balance, Dec. 31, <u>2015</u>
Springs and Wells	\$ 2,300,722	2,300,722
Land and Pumping Stations	378,767	378,767
Structure and Pumping Stations	341,881	341,881
Electrical Pumping Equipment	359,075	359,075
Miscellaneous Pumping Equipment	221,235	221,235
Storage Reservoirs and Tanks	1,854,438	1,854,438
Distribution Mains and Accessories	9,420,269	9,420,269
Meters	1,005,804	1,005,804
Fire Hydrants	788,228	788,228
Garage	58,008	58,008
Other Tangible Water Capital	455,587	455,587
Distribution Equipment	28,656	28,656
Engineering During Construction	312,274	312,274
Legal Expenses During Construction	21,068	21,068
Interest During Construction	35,641	35,641
Miscellaneous Charges During Construction	49,161	49,161
	\$ 17,630,815	17,630,815
	\$ 17,630,815	17,630,815

BOROUGH OF FAIR LAWN, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year ended December 31, 2015

Ordinance number	Improvement description	Ordinance		Balance, Dec. 31, 2014	2015 Authorizations	Balance, Dec. 31, 2015
		Date	Amount			
2123	Improvements to Water System	08/19/08	\$ 94,200	\$ 79,500		79,500
2243	Various Improvements to Water System	09/11/12	1,688,000	1,688,000		1,688,000
2286	Improv of Water Supply & Distr. System	07/16/13	326,400	326,400		326,400
2311	Improv of Water Supply & Distr. System	04/08/14	545,000	545,000		545,000
2339	Improv of Water Supply & Distr. System	04/14/15	800,000		800,000	800,000
				\$ 2,638,900	800,000	3,438,900

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of 2014 Appropriation Reserves**

**Water Utility Fund**

**Year ended December 31, 2015**

	Balance, Dec. 31, 2014	Balance after transfers and encumbrances	Paid or charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 307,055	307,055	14,617	292,438
Other Expenses	<u>657,407</u>	<u>901,078</u>	<u>209,285</u>	<u>691,793</u>
Total Operating	<u>964,462</u>	<u>1,208,133</u>	<u>223,902</u>	<u>984,231</u>
Deferred Charges and Statutory Expenditures:				
Social Security System (O.A.S.I.)	<u>59,839</u>	<u>59,839</u>		<u>59,839</u>
Total Deferred Charges and Statutory Expenditures	<u>59,839</u>	<u>59,839</u>		<u>59,839</u>
	<u>\$ 1,024,301</u>	<u>1,267,972</u>	<u>223,902</u>	<u>1,044,070</u>
Appropriation Reserves		1,024,302		
Encumbrances		<u>243,670</u>		
		<u>\$ 1,267,972</u>		

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

**Schedule of Accounts Payable**

**Water Utility Fund**

**Year ended December 31, 2015**

Balance, December 31, 2014 \$ 3,234

Balance, December 31, 2015 \$ 3,234

Analysis of Balance

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

**Schedule of Water Reut Overpayments**

**Water Utility Fund**

**Year ended December 31, 2015**

Balance, December 31, 2014 \$ 8,121

Increased by:

Current year overpayments 2,883

11,004

Decreased by:

Refunded 1,036

Balance, December 31, 2015 \$ 9,968

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Accrued Interest on Bonds and Notes**  
**Water Utility Fund**  
**Year ended December 31, 2015**

Balance, December 31, 2014		\$	25,807
Increased by:			
Budget Appropriation			75,769
			101,576
Decreased by:			
Payments			80,568
Balance, December 31, 2015		\$	21,008

Analysis of Accrued Interest

	Principal Outstanding <u>Dec. 31, 2015</u>	<u>Period</u>	Interest <u>Rate</u>	<u>Amount</u>
Serial Bonds				
\$ 50,000	50,000	1 Month	4.60%	\$ 198
1,400,000	1,400,000	15 Days	3.00%	1,750
Bond Anticipation Notes				
3,410,000	3,410,000	3 Months	2.00%	17,050
Unallocated Accruals				2,010
				\$ 21,008

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

**Schedule of Reserve for Encumbrances Payable**

**Water Utility Capital Fund**

**Year Ended December 31, 2015**

Balance - December 31, 2014		\$	117,192
Increased by:			
Charged to Improvement Authorizations			<u>472,877</u>
			590,069
Decreased by:			
Payments	\$	113,277	
Cancelled		<u>3,915</u>	
			<u>117,192</u>
Balance - December 31, 2015		\$	<u><u>472,877</u></u>

BOROUGH OF FAIR LAWN, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year ended December 31, 2015

Ordinance number	Improvement description	Ordinance Date	Amount	Balance, Dec. 31, 2014		2015 Authorizations		Expended	Balance, Dec. 31, 2015	
				Funded	Unfunded	Funded	Unfunded		Funded	Unfunded
2123	Improvements to Water System	Sept. 19, 2008	\$ 92,400	\$ 13,422				1,281		12,141
2243	Various Improvements to Water System	Sept. 11, 2012	1,688,000	124,276				(34,359)		158,635
2286	Impr. To Water Supply & Distr. System	July 16, 2013	326,400	178,853				81,149		97,704
2311	Impr. To Water Supply & Distr. System	April 8, 2014	545,000	428,203				175,347		252,856
2339	Impr. To Water Supply & Distr. System	April 14, 2015	800,000			800,000		375,486		424,514
			\$	<u>744,754</u>		<u>800,000</u>		<u>598,904</u>		<u>945,850</u>

Encumbrances \$ 472,877  
 Cash Disbursement 126,027  
 \$ 598,904

Authorized Not Issued \$ 761,800  
 Capital Improvement Fund 38,200  
 \$ 800,000

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

Water Utility Capital Fund

Year ended December 31, 2015

	Due from/(to) Balance <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Due from/(to) Balance <u>Dec. 31, 2015</u>
Current Fund	(2,250,000)	1,000,000		(1,250,000)
Capital Fund	(1,040,000)			(1,040,000)
Water Utility Operating Fund	<u>(407,830)</u>		<u>3,597</u>	<u>(411,427)</u>
	<u>\$ (3,697,830)</u>	<u>1,000,000</u>	<u>3,597</u>	<u>(2,701,427)</u>
 <u>Analysis</u>				
Due from Water Utility Capital Fund	<u>(3,697,830)</u>	<u>1,000,000</u>	<u>3,597</u>	<u>(2,701,427)</u>
	<u>\$ (3,697,830)</u>	<u>1,000,000</u>	<u>3,597</u>	<u>(2,701,427)</u>
Cash Disbursements		\$ 1,000,000		
Interest on Investments			<u>3,597</u>	
		<u>\$ 1,000,000</u>	<u>3,597</u>	

Exhibit D-19

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Capital Improvement Fund**  
**Water Utility Capital Fund**  
**Year ended December 31, 2015**

Balance, December 31, 2014	\$	<u>29,430</u>
Increased by:		
2015 Budget Appropriation		<u>40,000</u>
		69,430
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>38,200</u>
Balance, December 31, 2015	\$	<u><u>31,230</u></u>

Exhibit D-20

**Schedule of Reserve for Amortization**  
**Water Utility Capital Fund**  
**Year ended December 31, 2015**

Balance, December 31, 2014	\$	14,680,948
Increased by:		
Deferred Charge	\$	65,000
Canceled Projects		3,915
Budget Appropriation - Serial Bond Principal		260,000
Notes Payable		<u>42,000</u>
		<u>370,915</u>
Balance, December 31, 2015	\$	<u><u>15,051,863</u></u>

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

**Schedule of Deferred Reserve for Amortization**

**Water Utility Capital Fund**

**Year ended December 31, 2015**

<u>Ordinance number</u>	<u>Improvement description</u>	<u>Date of Ordinance</u>	Balance, Dec. 31, <u>2014</u>	<u>Increased</u>	Balance, Dec. 31, <u>2015</u>
2123	Improvement to Water System	August 19, 2008	\$ 6,771	13,000	19,771
2243	Various Improvements to Water System	Sept. 11, 2012	120,487	40,000	160,487
2286	Impr. Of Water Supply & Distribution System	July 16, 2013	16,320	5,000	21,320
2311	Impr. Of Water Supply & Distribution System	April 8, 2014	27,250		27,250
2339	Various Improvements to Water System	April 14, 2015		38,200	38,200
			\$ 170,828	96,200	267,028
				Capital Improvement Fund \$ 38,200	
				Budget Appropriation	58,000
					96,200

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

**Schedule of Water Utility Serial Bonds**

**Water Utility Capital Fund**

**Year ended December 31, 2015**

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturities of bonds outstanding, December 31, 2015</u>		<u>Interest rate</u>	<u>Balance, Dec. 31, 2014</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
Water Improvements	Dec. 1, 2001	715,000	Dec. 1, 2016	50,000	4.70%	\$ 110,000	60,000	50,000
Water Improvements	Dec. 15, 2010	2,245,000	Dec. 15, 2016	200,000	3.00%	1,600,000	200,000	1,400,000
			Dec. 15, 2017	200,000	3.00%			
			Dec. 15, 2018	200,000	3.00%			
			Dec. 15, 2019	200,000	3.00%			
			Dec. 15, 2020	200,000	3.00%			
			Dec. 15, 2021	200,000	3.25%			
			Dec. 15, 2022	200,000	3.50%			
						\$ 1,710,000	260,000	1,450,000

**BOROUGH OF FAIR LAWN, N.J.**  
**Schedule of Bond Anticipation Notes Payable**  
**Water Utility Capital Fund**  
**Year ended December 31, 2015**

Ord. No.	Improvement Description	Date of issue of original notes	Date of issue	Date of Maturity	Interest rate	Balance Dec.31 2014	Increased	Decreased	Balance, Dec.31, 2015
2031	Multiple Purpose	Sept. 22, 2011	Sept. 17, 2015	Sept. 16, 2016	2.00%	90,166	84,166	90,166	84,166
2054	Improvements to Water System	Sept. 22, 2011	Sept. 17, 2015	Sept. 16, 2016	2.00%	197,032	185,032	197,032	185,032
2123	Various Improvements to Water System	Sept. 19, 2013	Sept. 17, 2015	Sept. 16, 2016	2.00%	72,729	157,213	72,729	157,213
2160	Improvements to Water System	Sept. 22, 2011	Sept. 17, 2015	Sept. 16, 2016	2.00%	167,213	140,190	167,213	140,190
2195	Improvements to Water System	Sept. 22, 2011	Sept. 17, 2015	Sept. 16, 2016	2.00%	149,190	239,157	149,190	239,157
2218	Various Improvements to Water System	Sept. 22, 2011	Sept. 17, 2015	Sept. 16, 2016	2.00%	251,157	66,729	251,157	66,729
2243	Improvements to Water System	Sept. 19, 2013	Sept. 17, 2015	Sept. 16, 2016	2.00%	1,500,513	1,460,513	1,500,513	1,460,513
2286	Improvements to Water System	Sept. 18, 2014	Sept. 17, 2015	Sept. 16, 2016	2.00%	51,000	46,000	51,000	46,000
2286	Improvements to Water System	Sept. 17, 2015	Sept. 17, 2015	Sept. 16, 2016	2.00%		259,000		259,000
2311	Improvements to Water System	Sept. 17, 2015	Sept. 17, 2015	Sept. 16, 2016	2.00%		272,000		272,000
2339	Improvements to Water System	Sept. 17, 2015	Sept. 17, 2015	Sept. 16, 2016	2.00%		500,000		500,000
						\$ 2,479,000	\$ 3,410,000	\$ 2,479,000	\$ 3,410,000
						Cash \$	1,031,000		
						Renewals	2,379,000	2,379,000	
						Budget Appropriation	100,000	100,000	
						\$	\$ 3,410,000	\$ 2,479,000	\$ 3,410,000

## BOROUGH OF FAIR LAWN, N.J.

## Schedule of Bonds and Notes Authorized But Not Issued

## Water Utility Capital Fund

Year ended December 31, 2015

Ordinance Number	Improvement Description	Balance Dec. 31, 2014	2015 Authorizations	Decreased by:	Balance Dec. 31, 2015
1371	Multiple Purpose	\$ 8,614		8,614	
1456	Multiple Purpose	1,318		1,318	
1729	Multiple Purpose	33,725		33,725	
1846	Improvements to Water System	7,424		7,424	
2031	Multiple Purpose	247,526		13,919	233,607
2054	Improvements to Water System	45,265			45,265
2160	Improvements to Water System	81,411			81,411
2218	Various Improvements to Water System	59			59
2243	Various Improvements to Water System	67,000			67,000
2286	Improvement of Water Supply & Distribution System	259,080		259,000	80
2311	Improvement of Water Supply & Distribution System	517,750		272,000	245,750
2239	Various Improvements to Water System		761,800	500,000	261,800
		<u>\$ 1,269,172</u>	<u>761,800</u>	<u>1,096,000</u>	<u>934,972</u>
			Budget Appropriation	65,000	
			Bond Anticipation Notes	<u>1,031,000</u>	
				<u>\$ 1,096,000</u>	

BOROUGH OF FAIR LAWN

PART II

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2015

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

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Fair Lawn in the County of Bergen as of and for the year ended December 31, 2015 and the related notes to the financial statements, and have issued our report thereon dated April 26, 2016, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

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

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

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



Honorable Mayor and  
Members of the Borough Council  
Page 2.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough of Fair Lawn's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Fair Lawn's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Fair Lawn's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.



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



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

April 26, 2016



## BOROUGH OF FAIR LAWN

### GENERAL COMMENTS

#### Contracts and Agreements

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

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

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

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

**BOROUGH OF FAIR LAWN**

**GENERAL COMMENTS**

**(continued)**

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

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

Rescinding Curb & Sidewalk Replacement Contract	D.I.P. Fittings & Valves
Integrated Safety Security Surveillance System	Generator Repair & Maintenance
Electrical Repair and Maintenance	Print Supplies - Recycled Paper
Arcade Games for the Fair Lawn Community Center	Project #2245 - Installation of Emergency
Fair Lawn Public Library Restroom Renovations	Generators
Bioxide (Liquid Calcium Nitrate) odor & Corrosion	Project #2252 - Water Main Valve Replacement
Control	Tree Trimming
Water and Sewer Pump Station Maintenance	Tree & Stump Removal
Hydrants and Hydrant Parts	Recyclable Collection Services and Vegetative
Project #2244 Roadway Improvements	Water
Cold Water Meters and Appurtenances	

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

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

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

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

The governing body on January 6, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

**BOROUGH OF FAIR LAWN**

**GENERAL COMMENTS**  
**(continued)**

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

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

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

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

Delinquent Taxes and Tax Title Liens

A tax sale was held on April 21, 2015 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

<u>Year</u>	<u>Number of liens</u>
2015	4
2014	4
2013	4

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

**BOROUGH OF FAIR LAWN**

**COMMENTS**

**Municipal Court**

- 1.\* The court is carrying outstanding checks over one year old as reconciling items in the Fines and Bail accounts (N.J.S.A. 40A:5-5).
2. There are 56 tickets assigned over 180n days on the December Monthly Management Report.
3. There are 37 tickets not assigned on the December Monthly Management Report.

**BOROUGH OF FAIR LAWN**

**RECOMMENDATIONS**

**Municipal Court**

- 1.\* That stale dated checks be investigated and cancelled by resolution.
2. That tickets over 180 days be recalled by the Court Administrator.
3. That greater effort be made to ensure that all tickets and complaints are processed in a timely manner and that tickets assigned over 180 days be recalled and either destroyed or reassigned.

BOROUGH OF FAIR LAWN

Status of Prior Year Audit Findings/Recommendation

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

Acknowledgment

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

Respectfully submitted,



Steven D. Wielkocz  
Registered Municipal Accountant  
No. CR00413



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

April 25, 2016