BOROUGH OF FAIR LAWN

Financial Statements With
Supplementary Information
December 31, 2011

(With Independent Auditors' Report Thereon)

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit A

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2011 and 2010

	Ref.	2011	2010
Assets			
Current Fund:			
Cash	A-4	$ 14,838,871	13,173,279
Change Fund	A-5	3,494	7,159
		14,842,365	13,180,438
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-9	1,115,979	1,343,909
Tax Title Liens	A-10	17,619	21,120
Other Liens Receivable	A-11	629	275
Property Acquired for Taxes - Assessed Valuation	A-12	73,260	73,260
Revenue Accounts Receivable	A-13	418,677	409,651
Interfund Accounts Receivable	A-16	152,607	273,716
Due from FEMA	A-17		71,004
		1,778,771	2,192,935
Deferred Charges:			
Emergency Authorizations	A-14	130,000	
Special Emergency Authorizations	A-15	510,000	
		640,000	
		17,261,136	15,373,373
Federal and State Grant Fund:			
Cash	A-4	105,961	372,093
Interfund Accounts Receivable	A-14	15,038	
Grants Receivable	A-30	1,690,940	1,455,848
		1,811,939	1,827,941
		$ 19,073,075	17,201,314

Exhibit A

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31, 2011 and 2010

	Ref.		2011	2010
Liabilities, Reserves and Fund Balance				
Current Fund:				
Appropriation Reserves	A-3/A-17	$	3,163,925	2,438,825
Encumbrances Payable	A-3/A-18		1,287,871	1,083,940
Interfund Accounts Payable	A-16		179,412	45,000
Accounts Payable	A-19		133,463	145,560
Reserve for Other Expenditures	A-20		2,946,532	3,205,650
Reserve for Library Expenditures	A-21		49,429	39,565
Due to State of New Jersey:				
Senior Citizens and Veterans Deductions	A-7		150,040	159,108
Construction Training Fees	A-22		7,646	17,355
Tax Overpayments	A-23		33,163	26,570
Local School Taxes Payable	A-24		559,017	544,445
County Taxes Payable	A-25		12,437	20,685
Prepaid Revenue	A-27		30,971	49,469
SID Taxes Payable	A-26		412	412
Prepaid Taxes	A-28		543,313	538,405
Special Emergency Note	A-29		510,000	
			9,607,631	8,314,989
Reserve for Receivables	Contra		1,778,771	2,192,935
Fund Balance	A-1		5,874,734	4,865,449
			17,261,136	15,373,373
Federal and State Grant Fund:				
Unappropriated Reserve for Grants	A-31		290,048	155,854
Appropriated Reserve for Grants	A-32		876,375	1,536,118
Encumbrances Payable	A-32		345,516	
Interfund Accounts Payable	A-8		300,000	135,969
			1,811,939	1,827,941
		$	19,073,075	17,201,314

See accompanying notes to financial statements.

Exhibit A-1

BOROUGH OF FAIR LAWN, N.J.

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

Current Fund

Years Ended December 31, 2011 and 2010

	2011	2010
Revenues and Other Income:		
Fund Balance Utilized	3,133,525	5,000,000
Miscellaneous Revenue Anticipated	8,709,887	6,532,021
Receipts from Delinquent Taxes	1,342,472	997,339
Receipts from Current Taxes	117,368,343	114,763,953
Non-Budget Revenue	783,645	494,715
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	1,393,158	350,304
Prior Year Interfunds Returned in 2011	71,004	20,611
Total Revenues and Other Income	132,802,034	128,158,943
Expenditures:		
Budget and Emergency Appropriations:		
Operations:		
Salaries and Wages	16,609,600	16,147,247
Other Expenses	18,369,715	18,134,080
Capital Improvement Fund	175,000	175,000
Municipal Debt Service	3,541,871	4,066,950
Deferred Charges and Statutory Expenditures - Municipal	4,056,685	3,273,986
Prior Year Revenue Refunded	1,023,392	304,394
Prepaid Revenue		32,970
Interfund Charges	209,017	120,485
Local District School Tax	74,463,467	72,306,304
County Taxes including Added Taxes	10,582,277	10,116,068
Municipal Open Space Tax	253,517	268,709
Special Improvement District Taxes	268,200	268,200
Total Expenditures	129,552,741	125,214,393
Excess (Deficit) Revenue Over Expenditures	3,249,293	2,944,550
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	640,000	
Statutory Excess to Surplus	3,889,293	2,944,550
Fund Balance, January 1,	4,865,449	6,920,899
	8,754,742	9,865,449
Decreased by:		
Fund Balance Utilized as Budget Revenue	3,133,525	5,000,000
Fund Balance, December 31,	5,621,217	4,865,449

See accompanying notes to the financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit A-2

BOROUGH OF FAIR LAWN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Realized	Excess or (Deficit)
Fund Balance Anticipated	$ 3,133,525	3,133,525	
Miscellaneous Revenues:			
Licenses:			
Alcoholic Beverages	43,000	43,390	390
Other	56,000	41,313	(14,687)
Fees and Permits	245,000	351,904	106,904
Fines and Costs:			
Municipal Court	298,000	273,266	(24,734)
Interest and Costs on Taxes	175,000	247,680	72,680
Interest on Investments and Deposits	139,000	80,331	(58,669)
Tax and Assessment Searches	10	550	540
Memorial Pool	250,000	279,978	29,978
Sewer User Charges	36,000	47,826	11,826
Verizon Cable Television Fees	93,000	93,000	
Uniform Fire Safety Act	208,000	231,158	23,158
Hotel Tax	120,000	125,418	5,418
Consolidated Municipal Property Tax Relief Aid	153,341	153,341	
Energy Receipts Tax	3,591,192	3,591,192	
Uniform Construction Code Fees	600,000	684,543	84,543
Recycling Tonnage Grant	77,559	77,559	
Alcohol Education and Rehabilitation Fund	15,759	15,759	
Cops in Shops Grant	4,500	4,500	
Drunk Driving Enforcement Fund	6,306	6,306	
Secure Our Schools	24,980	24,980	
Over the Limit Under Arrest	9,400	9,400	
Alcohol Education and Rehabilitation Fund	804	804	
Emergency Management Asssistance Funding	5,000	5,000	
Pandemic Flu	10,000	10,000	
Fair Lawn Carbon Grant	200,000	200,000	
Flood Insurance	15,690		(15,690)
General Capital Fund Surplus	1,813,772	1,813,772	
Cable Television Fees	236,000	296,917	60,917
Total Miscellaneous Revenues	8,427,313	8,709,887	282,574

Exhibit A-2

BOROUGH OF FAIR LAWN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2011

Receipts from Delinquent Taxes	990,000	1,342,472	352,472
Subtotal General Revenues	12,550,838	13,185,884	635,046
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes Including Reserve for Uncollected Taxes	31,372,069	35,115,565	3,743,496
Minimum Library Tax	1,688,593		(1,688,593)
Total Amount to be Raised by Taxation	33,060,662	35,115,565	2,054,903
Budget Totals	45,611,500	48,301,449	2,689,949
Non-Budget Revenue		783,645	783,645
	$ 45,611,500	49,085,094	3,473,594

Analysis of Realized Revenues

Revenue from Current Tax Collections		$ 117,368,343
Allocated to School and County Taxes	$ 85,299,261	
Special District Taxes	253,517	
		85,552,778
Balance for Support of Municipal Budget Appropriations		31,815,565
Add : Appropriation - Reserve for Uncollected Taxes		3,300,000
Amount for Support of Municipal Budget Appropriations		$ 35,115,565
Receipts from Delinquent Taxes:		
Tax Title Liens		4,611
Delinquent Taxes		1,337,860
		$ 1,342,471

Exhibit A-2

BOROUGH OF FAIR LAWN, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2011

Analysis of Non-budget Revenues

Recreation Fees	$ 137,636	
Copies, Maps, Plans, Specs, Ordinances	2,451	
Visa	845	
Police Fees	2,356	
Traffic Lights	638	
Dumpster	1,100	
List of Property Owners	720	
Med B Adm Charge	58	
Alliance	5,647	
Bad Check Charge	295	
Café License	500	
Cell Tower Revenue	125,354	
Ridgewood Health Reimbursements	6,250	
ATM Revenue	344	
Tax Sale Fee	3,957	
Meals on Wheels	2,943	
FEMA	100,686	
Health Benefits Reimbursement	261,161	
Reimbursements	20,488	
Vending Machines	575	
Bus Shelter Revenue	4,800	
County Snow Plowing	19,630	
Plans and Specs	500	
Property Maintenance Charges	4,036	
Jury Duty	5	
PSEG	20,670	
Miscellaneous	56,844	
Flu Shots	3,156	
		$ 783,645

See accompanying notes to the financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit A-3

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
General Government:					
Administration:					
Salaries and Wages	$ 421,300	421,300	413,677	7,623	
Other Expenses	104,000	76,000	52,154	23,846	
Human Resources:					
Other Expenses	60,000	60,000	23,349	36,651	
Mayor and Council:					
Salaries and Wages	7,500	7,500	7,500		
Other Expenses	151,800	126,800	80,684	46,116	
Municipal Clerk:					
Salaries and Wages	207,500	207,500	195,106	12,394	
Other Expenses	60,100	60,100	47,640	12,460	
Financial Administration:					
Salaries and Wages	377,800	379,800	374,255	5,545	
Other Expenses	19,700	19,700	10,291	9,409	
Audit Services	58,000	58,000	34,000	24,000	
Assessment of Taxes:					
Salaries and Wages	199,000	199,000	198,776	224	
Other Expenses	45,700	45,700	44,511	1,189	
Collection of Taxes:					
Salaries and Wages	114,000	114,000	107,673	6,327	
Other Expenses	27,300	27,300	23,143	4,157	
Legal Services and Cost:					
Other Expenses	291,300	291,300	226,920	64,380	
Engineering Services and Costs:					
Salaries and Wages	217,500	217,500	191,732	25,768	
Other Expenses	68,400	13,400	2,299	11,101	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Municipal Land Use Law (N.J.S.A. 40:55D-1 et seq.)					
Planning Board:					
Salaries and Wages	16,000	16,700	16,683	17	
Other Expenses	54,550	54,550	26,771	27,779	
Zoning Board of Adjustment:					
Salaries and Wages	7,000	8,000	7,286	714	
Other Expenses	36,600	36,600	20,736	15,864	
Insurance:					
Self Insurance Program					
Liability Insurance (N.J.S.A. 40:10-12)	600,000	600,000	600,000		
Workers Compensation Insurance (N.J.S.A. 40:10-12)	300,000	300,000	300,000		
Group Insurance Plan for Employee's:					
Hospital Service Insurance	5,938,400	5,838,400	4,881,267	957,133	
Other Insurance Premiums	65,000	65,000	60,485	4,515	
Unemployment Compensation Insurance (N.J.S.A. 43:21-3)	90,000	90,000	90,000		
Public Safety:					
Police:					
Salaries and Wages	7,375,500	7,375,500	7,128,222	247,278	
Other Expenses	260,600	260,600	252,202	8,398	
Police Dispatch:					
Salaries and Wages	460,000	460,000	451,152	8,848	
Emergency Management:					
Salaries and Wages	65,800	65,800	65,731	69	
Other Expenses	88,150	218,150	211,321	6,829	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Fire:					
Other Expenses	207,300	207,300	189,302	17,998	
Ambulance:					
Other Expenses	56,100	57,800	57,718	82	
Uniform Fire Safety Act: (P.L. 1983 Chap. 383)					
Salaries and Wages	231,000	231,000	192,186	38,814	
Other Expenses	12,600	12,600	12,568	32	
Municipal Prosecutor:					
Salaries and Wages	19,900	19,900	19,900		
Municipal Court					
Salaries and Wages	340,500	340,500	225,559	114,941	
Other Expenses	25,500	25,500	21,526	3,974	
Public Works:					
Road Repairs and Maintenance:					
Salaries and Wages	733,000	733,000	684,920	48,080	
Other Expenses	73,200	73,200	70,108	3,092	
Shade Tree:					
Salaries and Wages	469,000	479,000	438,743	40,257	
Other Expenses	70,200	80,200	67,043	13,157	
Electrical Services:					
Salaries and Wages	50,700	54,700	51,696	3,004	
Other Expenses	3,150	4,450	3,401	1,049	
Public Buildings and Grounds:					
Salaries and Wages	357,000	357,000	280,562	76,438	
Other Expenses	101,500	101,500	90,923	10,577	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Maintenance Garage:					
Salaries and Wages	236,500	238,000	233,703	4,297	
Other Expenses	232,700	232,700	219,030	13,670	
Community Services Act:					
Other Expenses	47,000	47,000	8,122	38,878	
Administration of Public Works:					
Salaries and Wages	126,000	126,000	125,176	824	
Other Expenses	1,700	1,700	1,325	375	
Sanitation:					
Sewer System:					
Salaries and Wages	566,000	581,000	562,415	18,585	
Other Expenses	82,600	88,600	88,307	293	
Recycling:					
Salaries and Wages	618,000	886,000	668,427	217,573	
Other Expenses	25,200	25,200	11,932	13,268	
Health and Human Services:					
Health Department:					
Salaries and Wages	478,200	428,200	352,229	75,971	
Other Expenses	119,300	119,300	61,205	58,095	
Administration of Social Services:					
Salaries and Wages	100,000	90,000	73,364	16,636	
Other Expenses	1,900	1,900	1,558	342	
Mental Health Program (N.J.S.A. 40:5-9):					
Contractual	22,200	22,200	22,200		

Exhibit A-3

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Recreation and Parks:					
Recreation:					
Salaries and Wages	1,174,500	1,174,500	1,072,684	101,816	
Other Expenses	109,700	109,700	97,074	12,626	
Parks and Playgrounds:					
Salaries and Wages	485,500	500,500	484,094	16,406	
Other Expenses	67,250	70,250	69,383	867	
Celebration of Public Events:					
Other Expenses	40,000	31,600	30,950	650	
Veterans' Service Bureau:					
Other Expenses	3,300	3,300	3,300		
Unclassified:					
Terminal Leave:					
Salaries and Wages	123,000	123,000	122,938	62	
Postage:					
Other Expenses	61,500	61,500	60,906	594	
Utility Expenses and Bulk Purchases					
Electricity	508,400	508,400	435,900	72,500	
Street Lighting	335,000	335,000	300,809	34,191	
Telephone	107,000	107,000	103,590	3,410	
Gas	99,400	99,400	70,772	28,628	
Fuel Oil	20,000	20,000	15,000	5,000	
Gasoline	380,000	389,000	388,157	843	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Landfill and Solid Waste Disposal Costs					
Garbage and Trash Removal:					
Contractual	898,000	898,000	897,600	400	
Other Expenses	1,155,000	1,155,000	1,105,147	49,853	
Uniform Construction Code:					
Construction Code Official:					
Salaries and Wages	762,000	762,000	698,012	63,988	
Other Expenses	8,150	8,150	6,461	1,689	
Public Defender					
Salaries and Wages	7,700	7,700	5,950	1,750	
Special Emergency Huricane Iren		60,000	56,575	3,425	
Revaluatio		450,000	400,000	50,000	
Total Operations within "CAPS"	29,541,850	30,253,650	27,406,016	2,847,634	
B. Contingent	1,000	1,000		1,000	
Total Operations Including Contingent-within "CAPS"	29,542,850	30,254,650	27,406,016	2,848,634	
Detail:					
Salaries & Wages	16,347,400	16,604,600	15,450,351	1,154,249	
Other Expenses (Including Contingent)	13,195,450	13,650,050	11,955,665	1,694,385	
(E) Deferred Charges and Statutory Expenditures-Municipal within "CAPS"					

Exhibit A-3

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
(1) DEFERRED CHARGES					
Prior Years Bills:					
Roads - Other Expenses	125	125	125		
(2) STATUTORY EXPENDITURES:					
Contribution to:					
Public Employees' Retirement System	1,306,001	1,306,001	1,306,001		
Social Security System (O.A.S.I.)	1,120,000	939,300	819,511	119,789	
Consolidated Police and Firemen's Pension	40,000	40,000	35,304	4,696	
Police and Firemen's Retirement System of N.J.	1,771,159	1,771,159	1,771,159		
DCRP	100	100	67	33	
Total Deferred Charged and Statutory Expenditures-Municipal within "CAPS"	4,237,385	4,056,685	3,932,167	124,518	
Total General Appropriations for Municipal Purposes within "CAPS"	33,780,235	34,311,335	31,338,183	2,973,152	
Passaic Valley Sewer Commission:					
Share of Costs	1,870,000	1,870,000	1,815,634	54,366	
Maintenance of Free Public Library	2,239,087	2,347,487	2,233,181	114,306	
LOSAP Program Contribution	90,000	90,000	89,808	192	
Recycling Tax Appopriation	38,000	38,000	37,011	989	
Total Other Operations - Excluded from "CAPS"	4,237,087	4,345,487	4,175,634	169,853	

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Public and Private Programs Offset by Revenues					
Municipal Alliance Against Alcohol and Drug Abuse					
Other Expenses	15,759	15,759	15,759		
Matching Funds for Grants:					
Municipal Alliance Against alcohol and Drug Abuse	3,950	3,950	3,950		
Public Health Priority Funding:					
Drunk Driving Enforcement Fund	6,306	6,306	6,306		
Over the Limit Under Arrest Grant	5,000	5,000	5,000		
Over the Limit Under Arrest Grant	4,400	4,400	4,400		
Cops in Shops Grant	4,500	4,500	4,500		
Emergency Management Assistance Funding	5,000	5,000	5,000		
Flood Insurance Grant	15,690	15,690		15,690	
Matching Funds for Grants	5,230	5,230		5,230	
Secure Our Schools	24,980	24,980	24,980		
Pandemic Flu	10,000	10,000	10,000		
Recycling Tonnage	77,559	77,559	77,559		
Alcohol Education Rehabilitation	804	804	804		
FL Carbon	200,000	200,000	200,000		
Total Public and Private Programs Offset by Revenues	379,178	379,178	358,258	20,920	

Exhibit A-3

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Total Operations-Excluded from "CAPS"	4,616,265	4,724,665	4,533,892	190,773	
Detail:					
Salaries and Wages	5,000	5,000	5,000		
Other Expenses	4,611,265	4,719,665	4,528,892	190,773	
Capital Improvement Fund	175,000	175,000	175,000		
Total Capital Improvements Excluded from "CAPS"	175,000	175,000	175,000		
Municipal Debt Service - Excluded from "CAPS"					
Payment of Bond Principal	1,750,000	1,750,000	1,750,000		
Interest on Bonds	960,000	960,000	769,625		190,375
Green Trust Loan Program:					
Payment of Bond Principal	460,000	460,500	460,499		1
Interest on Bonds	570,000	570,000	561,747		8,253
Total Municipal Debt Service-Excluded from "CAPS"	3,740,000	3,740,500	3,541,871		198,629

BOROUGH OF FAIRLAWN, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2011

	Budget	Budget after Modification and Transfer	Paid or Charged	Reserved	Unexpended Balance Canceled
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	8,531,265	8,640,165	8,250,763	190,773	198,629
Subtotal General Appropriations	42,311,500	42,951,500	39,588,946	3,163,925	198,629
Reserve for Uncollected Taxes	3,300,000	3,300,000	3,300,000		
Total General Appropriations	$ 45,611,500	46,251,500	42,888,946	3,163,925	198,629

Adopted Budget $	45,586,520
Emergency Authorizations	130,000
Special Emergency Authorizations	510,000
Appropriation by 40:A4-87	24,980
$	46,251,500

Reserve for Uncollected Taxes $	3,300,000
Federal and State Grants	354,308
Encumbrances	1,287,871
Various Reserves	715,000
Cash	37,231,767
$	42,888,946

See accompanying notes to the financial statements.

Exhibit B

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2011 and 2010

	Ref.	2011	2010
Assets			
Animal Trust Fund:			
Cash	B-1	82,382	49,222
Other Trust Funds:			
Cash	B-1	892,339	734,110
Unemployment Compensation Insurance Trust Fund:			
Cash	B-1	95,615	39,835
Interfund Accounts Receivable	B-5	3,551	48,551
		99,166	88,386
Self-Insurance Trust Fund:			
Cash	B-1	1,235,296	740,898
		1,235,296	740,898
Council on Affordable Housing Trust			
Cash	B-1	20,466	
Free Public Library Trust Fund:			
Cash	B-1	112,841	112,668
Cafeteria Plan Trust Fund:			
Cash	B-1	10,203	10,099
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Cash in Plan	B-1	651,087	612,455
Service Award Contributions Receivable	B-18	83,600	65,772
		734,687	678,227
		$ 3,187,380	2,413,610

Exhibit B

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2011 and 2010

	Ref.	2011	2010
Liabilities, Reserves & Fund Balance			
Animal Trust Fund:			
Prepaid Licenses	B-2	1,088	1,168
Animal Trap Deposits	B-3	6,370	6,265
Due to State of New Jersey	B-4	171	281
Interfund Accounts Payable	B-5	26,945	12,083
Reserve for Animal Trust Fund Expenditures	B-9	47,808	29,425
		82,382	49,222
Other Trust Fund:			
Due to State of New Jersey	B-4	705	580
Interfund Accounts Payable	B-5	80,463	82,455
Sundry Reserve and Deposits	B-6	275,522	190,058
Escrow Reserves and Deposits	B-7	437,170	365,976
Donation Reserves and Deposits	B-8	98,479	95,041
		892,339	734,110
Unemployment Compensation Insurance Trust Fund:			
Due to State of New Jersey	B-4	13,480	28,421
Reserve for Unemployment Compensation Insurance Expenditures	B-10	85,686	59,965
		99,166	88,386
Self-Insurance Trust Fund:			
Reserve for:			
Worker's Compensation Expenditures	B-11	140,581	268,906
Liability Insurance Expenditures	B-12	713,085	471,573
Health Benefits Plan	B-13	381,630	419
		1,235,296	740,898
Council on Affordable Housing Trust			
Interfund Accounts Payable	B-5	3	
Reserve for Expenditures	B-14	20,463	
		20,466	
Free Public Library Trust Fund:			
Reserve for Library Trust Expenditures	B-15	20,370	20,197
Reserve for Restricted Trust Expenditures	B-16	92,471	92,471
		112,841	112,668

Exhibit B

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31, 2011 and 2010

Liabilities, Reserves & Fund Balance (Cont...)	Ref.	2011	2010
Cafeteria Plan Trust Fund:			
Interfund Accounts Payable	B-5	368	306
Reserve for Cafeteria Plan Expenditures	B-17	9,835	9,793
		10,203	10,099
Emergency Services Volunteer Length of Services Award Program (Unaudited):			
Net Assets Available for Benefits	B-19	734,687	678,227
		$ 3,187,380	2,413,610

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit C

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31, 2011 and 2010

	Ref.		2011	2010
Assets				
Cash	C-2/C-3	$	3,586,027	1,654,986
Grants Receivable:				
State and County Grants	C-4		582,650	543,276
Federal Grants	C-5		331,070	223,090
Interfunds Receivable:				
Federal and State Grant Fund	C-17		300,000	74,247
Deferred Charges to Future Taxation:				
Funded	C-6		29,900,000	31,935,000
Unfunded	C-7		15,686,838	11,931,588
		$	50,386,585	46,362,187
Liabilities, Reserves and Fund Balance				
General Serial Bonds	C-8	$	18,870,000	20,620,000
Capital Leases Payable	C-9		11,030,000	11,315,000
Encumbrances Payable	C-10		750,915	650,835
Bond Anticipation Notes Payable	C-11		5,500,000	
Reserve for Payment of Debt	C-12		1,221,620	26,139
Improvement Authorizations:				
Funded	C-13		1,482,148	1,527,312
Unfunded	C-13		11,283,832	10,171,303
Public Works Employment Act of 1976	C-14		1,750	1,750
Reserve for Unappropriated State Grant	C-15		15,464	15,464
Capital Improvement Fund	C-16		133,882	171,182
Interfunds Payable:				
Current Fund	C-17		40,375	26,497
Water Utility Operating Fund	C-17		4,690	4,690
Reserve for Grants Receivable	C-18		18,243	18,243
Fund Balance	C-1		33,666	1,813,772
		$	50,386,585	46,362,187

There were $10,186,838 and $11,931,588 of Bonds and Notes Authorized But Not Issued on December 31, 2011 and 2010 respectively (Exhibit C-19).

See accompanying notes to the financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit C-1

BOROUGH OF FAIR LAWN, N.J.

Comparative Statement of Changes in Fund Balance - Regulatory Basis

General Capital Fund

For the Years Ended December 31, 2011 and 2010

Balance - December 31, 2010	$	1,813,772
Increased by:		
Premuim on Bond Anticipation Notes		33,666
		1,847,438
Decreased by:		
Budgeted Capital Surplus		1,813,772
Balance - December 31, 2011	$	33,666

See accompanying notes to the financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit D

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2011 and 2010

Assets	Ref.	2011	2010
Water Utility Operating Fund:			
Cash - Treasurer	D-5	$ 1,247,332	900,507
Receivables with Full Reserves:			
Consumers' Accounts Receivable	D-9	464,418	546,643
Inventory - Materials and Supplies	D-10	64,044	64,044
		528,462	610,687
Interfund Accounts Receivable	D-7	573,162	268,222
Deferred Charges:			
Emergency Appropriation	D-8		375,000
			375,000
Total Water Utility Operating Fund		2,348,956	2,154,416
Capital Fund:			
Cash - Treasurer	D-5,D-6	687,396	46,322
Fixed Capital	D-11	11,898,999	11,898,999
Fixed Capital Authorized and Uncompleted	D-12	6,709,825	6,429,325
Total Capital Fund		19,296,220	18,374,646
		$ 21,645,176	20,529,062

Exhibit D

BOROUGH OF FAIR LAWN, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31, 2011 and 2010

Liabilities, Reserves and Fund Balance	Ref.	2011	2010
Water Utility Operating Fund:			
Appropriation Reserves	D-4,D-13	541,768	320,431
Reserve for Encumbrances	D-4	145,790	214,601
Interfund Accounts Payable	D-7		85,626
Accounts Payable	D-14	3,234	3,234
Water Rent Overpayments	D-15	6,821	11,085
Accrued Interest on Bonds	D-16	29,027	31,589
Reserve for Supervisors Contract	D-17	7,200	7,200
		733,840	673,766
Reserve for Receivables	Contra	528,462	610,687
Fund Balance	D-1	1,086,654	869,963
Total Water Utility Operating Fund		2,348,956	2,154,416
Capital Fund:			
Due to Water Utility Operating Fund	D-20	404,098	263,532
Serial Bonds Payable	D-24	2,596,000	2,956,000
Bond anticipation notes payable	D-25	700,000	
Improvement authorization:			
Funded	D-19	52,659	60,336
Unfunded	D-19	1,656,900	1,580,215
Capital Improvement Fund	D-21	8,000	9,500
Reserve for:			
Amortization	D-22	12,846,444	12,486,444
Deferred Amortization	D-23	934,762	921,262
Fund Balance	D-2	97,357	97,357
Total Capital Fund		19,296,220	18,374,646
		$ 21,645,176	20,529,062

There were $1,571,851 and $2,004,851 of Bonds and Notes Authorized But Not Issued on December 31, 2011 and 2010 respectively (Exhibit D-26).

See accompanying notes to financial statements.

Exhibit D-1

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, 2011 and 2010

	2011	2010
Revenue and other income:		
Fund Balance Utilized		
Water rents	$ 5,661,118	5,558,810
Miscellaneous Revenue	7,453	5,965
Budgeted Water Capital Surplus	147,636	323,641
Accrued Interest on Bonds		
Unexpended balance appropriation reserve	200,630	104,220
Total revenue and other income	6,016,837	5,992,636
Expenditures:		
Operating	4,674,600	4,902,400
Capital improvements	12,000	12,000
Debt service	460,000	359,285
Deferred charges and statutory expenditures	506,000	158,262
Deficit in Operations in Prior Year		253,269
Total expenditures	5,652,600	5,685,216
Excess(Deficit) in revenues	364,237	307,420
Adjustments to Income before Surplus:		
Expenditures included above which are Statute Deferred Charges to Budget of Succeeding Year		
Emergency Authorizations		375,000
Statutory excess to Surplus	364,237	682,420
Fund balance, January 1	869,963	187,543
	1,234,200	869,963
Decreased by:		
Utilization by water operating budget	147,636	
Balance, December 31	$ 1,086,564	869,963

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit D-2

BOROUGH OF FAIR LAWN, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

Water Utility Capital Fund

For the Years Ended December 31, 2011 and 2010

Balance, December 31, 2010	$ 97,357
Balance, December 31, 2011	$ 97,357

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit D-3

BOROUGH OF FAIR LAWN, N.J.

Statement of Revenues - Regulatory Basis

Water Utility Operating Fund

Year ended December 31, 2011

	Anticipated	Realized	Excess (deficit)
Rents	$ 5,499,000	5,661,118	162,118
Miscellaneous	5,964	7,453	1,489
Water Capital Surplus	147,636	147,636	
	$ 5,652,600	5,816,207	163,607

Analysis of Realized Revenue

Rents $	5,661,118
Water Capital Surplus	147,636
	5,808,754
Interest on Investments	4,200
Due from Water Capital Fund - Interest on investments	566
Other miscellaneous	2,687
$	7,453

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit D-4

BOROUGH OF FAIR LAWN, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund

Year ended December 31, 2011

	Appropriations			
	Budget	Budget after modification	Paid or charged	Reserved
Operating:				
Salaries and Wages	$ 1,712,000	1,712,000	1,682,923	29,077
Other Expenses	2,962,600	2,962,600	2,480,909	481,691
Total Operating	4,674,600	4,674,600	4,163,832	510,768
Capital Improvements:				
Capital Improvement Fund	12,000	12,000	12,000	
Total Capital Improvements	12,000	12,000	12,000	
Debt Service:				
Payment of Bond Principal	360,000	360,000	360,000	
Interest on Bonds	100,000	100,000	100,000	
Total Debt Service	460,000	460,000	460,000	
Deferred Charges and Statutory Expenditures:				
Deferred Charges -				
Emergency Authorizations	375,000	375,000	375,000	
Social Security System (O.A.S.I.)	131,000	131,000	100,000	31,000
Total Deferred Charges and Statutory Expenditures	506,000	506,000	475,000	31,000
	$ 5,652,600	5,652,600	5,110,832	541,768

Cash Disbursed	$ 4,490,042
Reserve for Encumbrances	145,790
Accrued Interest on Bonds	100,000
Deferred Charges	375,000
	$ 5,110,832

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit E

BOROUGH OF FAIR LAWN, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31, 2011 and 2010

		2011	2010
General Fixed Assets:			
Land	$	11,169,750	11,169,750
Buildings		41,230,799	41,230,799
Machinery and Equipment		12,571,382	12,425,900
	$	64,971,931	64,826,449
Investment in Fixed Assets	$	64,971,931	64,826,449

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit F

BOROUGH OF FAIR LAWN, N.J.

Comparative Statement of Net Payroll and Withholdings Payable

December 31, 2011 and 2010

		2011	2010
Assets			
Cash			
Net Payroll	$	9,308	20,920
Due from Current Fund			
Deficit in Payroll Account			
	$	9,308	20,920
Liabilities:			
Withholdings	$	730	12,342
Due to Current Fund		5,027	5,027
Due to Unemployment Compensation Trust Fund		3,551	3,551
	$	9,308	20,920

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

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.

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

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

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

The Borough has the following funds and account group:

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

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

- Other Trust Funds - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.
- Animal Trust Fund - This fund is used to account for fees collected from animal licenses and expenditures which are regulated by NJS 4:19-15.11.
- Library Trust Fund - This fund is used to account for the activities of the Library.
- Assessment Trust Fund - This fund is used to account for assessments for improvements levied against the improved properties.
- Self Insurance Trust Fund - This fund is used to account for worker's compensation and property and general liability claims and premiums.
- Unemployment Compensation Trust Fund - This fund is used to account for all unemployment compensation receipts and disbursements.
- Payroll Trust Fund - This fund is used to account for net payroll and payroll withholdings payable to other agencies.

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

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

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

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

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

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

Basis of Accounting

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of $1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the taxes receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

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

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

Basis of Accounting, (continued)

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

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

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

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

General Capital Fund
Trust Funds
Public Assistance Fund
Water Utility Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2011, the Mayor and Council approved several budget transfers and $24,980 in additional grant revenues and appropriations in accordance with N.J.S.A. 40A:4-87. The Mayor and Council also approved $510,000 of special emergency appropriations for Hurricane Irene and Revaluation and a $130,000 Emergency Authorization - Municipal.

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

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

Basis of Accounting, (continued)

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

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

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

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

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

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

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are only included on the Water Utility Operating Fund balance sheets.

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

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

Basis of Accounting, (continued)

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

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

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

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

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

No depreciation has been provided for in the financial statements.

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

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

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

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

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

Basis of Accounting, (continued)

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

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

C. Basic Financial Statements

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

NOTE 2. PENSION PLANS

Description of Systems:

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

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

Public Employees' Retirement System (PERS)

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

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

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

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

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

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

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

Police and Firemens' Retirement System (PFRS)

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

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

Significant Legislation

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

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.0% for PERS and 8.5% for PFRS of the employee's annual compensation, as defined through June 30, 2007. Under Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, the PERS and employee contribution rate will increase to 5.5 percent effective July 1, 2007. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

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

Year	PERS	PFRS
December 31, 2011	$1,306,001	$1,771,159
December 31, 2010	1,035,369	1,429,274
December 31, 2009	874,012	1,304,973

NOTE 2. PENSION PLANS, (continued)

Description of Systems, (continued)

Defined Contribution Retirement Program

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

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

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

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

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may 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.

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2011 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
General Obligation Debt	$20,620,000	$	$1,750,000	$18,870,000	$1,750,000
Water Utility Obligation Debt	2,956,000		360,000	2,596,000	366,000
Total Bonds Payable	23,576,000		2,110,000	21,466,000	2,116,000
Other Liabilities:					
Capital Leases Payable	11,315,000		285,000	11,030,000	295,000
Compensated Absences Payable	1,659,262	81,316	258,638	1,481,940	
Total Other Liabilities	12,974,262	81,316	543,638	12,511,940	295,000
	$36,550,262	$81,316	$2,653,638	$33,977,940	$2,411,000

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

The Borough's debt is summarized as follows:

Summary of Municipal Debt (Excluding Current Operating Debt)

	Year 2011	Year 2010	Year 2009
Issued:			
General Bonds and Notes	$24,370,000	$20,620,000	$22,971,301
Water Utility Bonds and Notes	3,296,000	2,956,000	3,214,699
	27,666,000	23,576,000	26,186,000
Authorized But Not Issued:			
General Bonds and Notes	10,186,838	11,931,588	10,642,769
Water Utility Bonds and Notes	1,571,851	2,004,851	1,854,351
	11,758,689	13,936,439	12,497,120
Total Bonds and Notes	39,424,689	37,512,439	38,683,120
Less deductions	1,221,620	26,139	26,139
Net Bonds and Notes Issued and Authorized But Not Issued	$38,203,069	$37,486,300	$38,656,981

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 .67%.

	Gross Debt	Deductions	Net Debt
Local School Debt	$20,500,275	$20,500,275	$0
Water Utility	4,867,851	4,867,851	0
General Debt	34,556,839	1,221,620	33,335,219
	$59,924,965	$26,589,746	$33,335,219

Net debt of $33,335,219 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended of $5,007,695,723 equals .67%.

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

3 1/2% of Equalized Valuation Basis (Municipal)	$175,269,350
Net Debt	33,335,219
Remaining Borrowing Power	$141,934,131

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

Cash receipts from fees, rents or other charges for year		$5,816,209
Deductions:		
Operating and Maintenance Cost	$4,805,600	
Debt Service per Water Account	460,000	
Total Deductions		5,265,600
Excess in Revenue - "Self Liquidating"		$550,609

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's long-term debt consisted of the following at December 31, 2011:

Paid by Current Fund:

General Obligation Bonds	
$15,225,000, 2001 Bonds due in annual installments of $675,000.00 to $1,205,000 through June 2017, interest at 4.00 to 4.625%	$6,005,000
$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%	12,865,000
Total General Serial Bonds	18,870,000

Paid by Water Utility Fund:

Water Utility Serial Bonds	
$2,621,000, 1997 Bonds due in annual installments of $110,000 to $166,000 through August 2012, interest at 4.70%	$166,000
$715,000 2001 Bonds due in annual installments of $35,000 to $60,000 through June 2017, interest at 4.250% to 4.700%	290,000
$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%	2,140,000
Total Water Utility Bonds	2,596,000
Total Serial Bonds	$21,466,000

NOTE 3. MUNICIPAL DEBT, (continued)

Aggregate debt service requirements are as follows:

		General Capital		Water Utility Capital	
Year	Total	Principal	Interest	Principal	Interest
2012	$2,905,717	$1,750,000	$702,125	$366,000	$87,592
2013	2,742,575	1,775,000	634,625	260,000	72,950
2014	2,737,685	1,850,000	563,375	260,000	64,310
2015	2,730,485	1,925,000	489,875	260,000	55,610
2016	2,699,475	1,990,000	412,625	250,000	46,850
2017-2021	7,116,081	4,590,000	1,394,081	1,000,000	132,000
2022-2026	5,780,088	4,990,000	583,088	200,000	7,000
	$26,712,106	$18,870,000	$4,779,794	$2,596,000	$466,312

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, 2011 the Borough had authorized but not issued debt as follows:

General Capital Fund	$10,186,838
Water Utility Capital Fund	1,271,851

NOTE 4. CAPITAL LEASES PAYABLE - Refinanced

The Borough is leasing the Recreation Center Project under capital leases. The capital lease is a term of thirty years. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at December 31, 2011.

Year	Total	Principal	Interest
2012	$807,063	$295,000	$512,063
2013	807,475	~~305,000~~	~~502,475~~
2014	807,181	315,000	492,181
2015	806,156	325,000	481,156
2016	804,375	335,000	469,375
2017-2021	4,026,189	1,900,000	2,126,189
2022-2026	4,024,500	2,360,000	1,664,500
2027-2031	4,017,750	3,005,000	1,012,750
2032-2034	2,412,500	2,190,000	222,500
	$18,513,189	$11,030,000	$7,483,189

Rel

NOTE 5. OPERATING LEASES

The Borough has commitments to lease a generator, utility trucks, plows, mini bus, tactical raid vests, police car graphics, police cars, light bars and trunk box weapon lockers, a pulverizer and two heavy duty mowers, various departmental vehicles, and other equipment under operating leases that expire in 2015. Total operating lease payments made during the year ended December 31, 2011 were $205,604. Future minimum lease payments are as follows:

Year ending December 30,	Amount
2012	$205,604
2013	205,604
2014	205,604
2015	93,373
Total minimum lease payments	710,185
Less: Accumulated interest	51,131
Present value of minimum lease payments	$659,054

NOTE 6. BOND ANTICIPATION NOTES

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

As of December 31, 2011, the Borough had $5,500,000 in General Capital and $700,000 in Water Capital bond anticipation notes outstanding.

NOTE 6. BOND ANTICIPATION NOTES, (continued)

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2011.

	Beginning Balance	Additions	Reductions	Ending Balance
General Capital Notes Payable:				
Janney Montgomery Scott LLC	$	$5,500,000	$	$5,500,000
		5,500,000		5,500,000
Water and Sewer Utility Capital Notes Payable:				
Janney Montgomery Scott LLC		700,000		700,000
		700,000		700,000
	$	$6,200,000	$	$6,200,000

NOTE 7. FUND BALANCE APPROPRIATED

The fund balances at December 31, 2011 which have been appropriated as revenue in the 2012 budgets are as follows:

Current Fund	$3,000,000
Water Utility Operating Fund	44,000

NOTE 8. ACCRUED SICK AND VACATION BENEFITS

The Borough permits employees to accrue (with certain restrictions) unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. It is estimated that the current cost of such unpaid compensation would approximate $1,481,940 as of December 31, 2011. 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, 2011 was the sum of $1,101,922.

NOTE 9. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December31, 2011, $-0- of the Borough's bank balance of $23,791,982 was exposed to custodial credit risk.

Investments

Investment Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

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

Unaudited Investments

As more fully described in Note 16, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Variable Annuity Life Insurance Company (VALIC), which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2011 and 2010 amounted to $651,087 and $612,455, respectively.

The following investments represent 5% or more of the total invested with VALIC on December 31, 2011 and 2010:

	2011	2010
Fixed Account Plus	$56,113	$44,429
Health Sciences Fund		28,645
Mid Cap Value Fund	37,898	43,749
Money Market I Fund	136,433	122,547
Vanguard Lifestrategy - Growth	120,348	116,530
Vanguard Lifestrategy Modera		29,932
All Others	300,295	226,623
Total	$651,087	$612,455

NOTE 10. LITIGATION

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

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

NOTE 10. LITIGATION, (continued)

This matter was tried before a jury from February 22, 2010 through March 4, 2010. The jury returned a verdict against the Borough for compensatory damages of $419,000 and punitive damages of $126,548. Additionally, the court, in the order for judgment, awarded Plaintiff's attorneys fees of $160,941, a mark up for negative tax consequences of $73,971 pre-judgment interest of $34,864. The total award to the Plaintiff is $815,324. Under the Borough's MEL coverage, the verdict award for the economic damages portion of the compensatory damages claim in the amount of $100,000 and plaintiff's attorneys fees of $160,941 are insured claims. The Borough's uninsured liability is $554,383. The Borough and MEL elected to appeal these verdicts.

On July 11, 2011, the Appellate Division, by unanimous decision, reversed the April 8, 2010 Order for Judgement in the total amount of $815,324 and remanded the lawsuit back to the Superior Court for further proceedings in accordance with the opinion. A copy of the Appellate Division Decision is attached hereto. Significantly, in accordance with the Appellate Division Decision, in any retrial the award for any economic loss and damages can only accrue from July, 2006 rather than 2001 which was an original basis for the award of damages under the Order of Judgment. Accordingly, it is the opinion of special counsel to the Borough that the compensatory damages award of $419,000 and any other monies and pre-judgment interest arising from that amount will, in any subsequent litigation, be reduced by at least 60%. The Appellate Division further ruled that any claim for punitive damages must also be tried to ensure the award was properly related to the injury and its cause."

NOTE 11. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group as of December 31, 2011.

	Balance Dec. 31, 2010	Additions	Retirements	Balance Dec. 31, 2011
Land	$11,169,750	$	$	$11,169,750
Buildings and Building Improvement	41,230,799			41,230,799
Machinery and Equipment	12,425,900	234,934	89,452	12,571,382
	$64,826,449	$234,934	$89,452	$64,971,931

NOTE 12. INTERFUND BALANCES AND ACTIVITY

Balances due to/from other funds at December 31, 2011 consist of the following:

$15,038	Due from the Federal and State Grant Fund from the Current Grant Fund for reimbursement for expenditures paid.
26,945	Due to the Current Fund from the Animal Control Trust Fund for interest earned on investments and statutory excess from prior year.
80,463	Due to the Current Fund from the Other Trust Fund for interest earned on investments and reimbursement for expenditures paid.
3	Due to Coalition on Affordable Housing Trust from the Current Fund for interest earned.
368	Due to the Current Fund from the Cafeteria Plan Trust Fund for interest earned on investments.
4,824	Due to the Current Fund from the Net Payroll Account for excess funds in the account.
40,375	Due to the Current Fund from the General Capital Fund for reimbursement for expenditures paid.
164,374	Due to the Water Utility Operating Fund from the Current Fund for reimbursement for expenditures paid.
3,551	Due to the Unemployment Compensation Insurance Fund from the Payroll Fund for employee share of contributions.
300,000	Due to the General Capital Fund from the Grant Fund for receipts not turned over.
4,690	Due to the Water Utility Operating Fund from the General Capital Fund for reimbursement for expenditures paid.
404,098	Due to the Water Utility Operating Fund from the Water Utility Capital Fund for reimbursement for expenditures paid.
$1,044,729	

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

NOTE 13. RISK MANAGEMENT

The Borough maintains self-insurance programs for general liability and workers' compensation with the following provision as to losses:

Workers' Compensation:

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

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

General Liability:

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

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

Claims were tested only to the extent of amounts of payment. Accuracy of the claims are necessarily placed on the reliance of Borough personnel.

There has been no provisions included in the financial statements for claims incurred but not reported as of December 31, 2011.

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 Trust Fund	Self-Insurance Trust Fund	Health Benefits Plan Trust Fund
Balance - December 31, 2010	$268,906	$471,573	$419
Receipts	371,272	747,615	6,762,801
Disbursements	499,597	506,103	6,381,590
Balance - December 31, 2011	$140,581	$713,085	$381,630

NOTE 14. TAXES COLLECTED IN ADVANCE

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

	Balance Dec 31, 2011	Balance Dec 31, 2010
Prepaid Taxes	$543,313	$538,405
Cash Liability for Taxes Collected in Advance	$543,313	$538,405

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

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

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

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

We have reviewed the plan for the year ended December 31, 2011 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY DATA

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF FAIR LAWN, N.J.

Supplementary data

Comparative Schedule of Tax Rate Information

	2011	2010	2009
Tax rate	2.34	2.28	2.15
Apportionment of tax rate:			
Municipal	0.660	0.657	0.585
School	1.471	1.426	1.364
County	0.206	0.200	0.204

Assessed Value	
2011	$ 5,064,642,485
2010	5,070,332,554
2009	5,392,062,818

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.

		Currently	
Year	Tax Levy	Collections	Percentage of Collection
2011	$ 118,879,999	117,368,343	98.73%
2010	116,342,968	114,796,203	98.67%
2009	110,091,201	109,016,233	99.02%

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.

Dec. 31	Amount of delinquent taxes	Tax title liens	Total delinquent	Percentage of tax levy
2011	$ 1,115,979	17,619	1,133,598	0.95%
2010	1,343,909	21,120	1,365,029	1.17%
2009	988,929	19,438	1,008,367	0.92%

BOROUGH OF FAIR LAWN, N.J.

Supplementary data

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2011 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:

Year		Amount
2011	$	73,260
2010		73,260
2009		73,260

Comparative Schedule of Fund Balance

	Year		Dec. 31	Utilized in budget of succeeding year
Current Fund	2011	$	5,567,241	3,000,000
	2010		4,865,499	3,133,525
	2009		6,920,899	5,000,000
	2008		9,236,538	5,014,214
	2007		9,952,337	5,469,420
Water Utility Operating Fund	2011		1,086,654	44,000
	2010		869,963	147,636
	2009		187,543	
	2008		187,543	
	2007		187,543	

BOROUGH OF FAIR LAWN

Supplementary Data

Officials in Office and Surety Bonds

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

Name	Title	Type of bond
Lisa Swain	Mayor	
Steven Weinstein	Deputy Mayor	
Joseph Tedeschi	Councilmember	
Jeanne Baratta	Councilmember	
Edward Trawinski	Councilmember	
Timothy Stafford	Borough Manager	(A)
Karen Palermo	Finance Officer	(A)
Joanne M. Kwasniewski	Borough Clerk	(A)
Alice Lee	Tax Collector	(A)
David Lafferty	Magistrate	(A)
Claire Cabibbo	Court Administrator	(A)
Bruce Rosenberg	Borough Attorney	
Kenneth R. Garrison	Borough Engineer	
Dennis Kolano	Construction Code Official	
Patricia Ennis	Registrar of Vital Statistics	
Erik Rose	Chief of Police	
Carol Wagner	Health Officer	
Jimmy Graff	Superintendent of Recreation	
Timothy H. Murphy	Director of Free Public Library	

(A)- All other employees are covered by a Faithful Performance Blanket Position Bor under the terms of an agreement with the Municipal Excess Joint Insurance Fund in tl amount of $1,000,000 with a $500 deductible. Coverage also includes $50,000 for theft, disappearance, etc. of money with a $500 deductible.

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit A-4

BOROUGH OF FAIR LAWN, N.J.

Schedule of Cash - Collector-Treasurer

Current Fund

Year Ended December 31, 2011

		Current Fund	Federal and State Grant Fund
Balance - December 31, 2010	$	13,173,279	372,093
Increased by Receipts:			
Taxes Receivable		117,784,237	
Miscellaneous Revenue Not Anticipated		783,645	
Tax Title Liens		4,611	
Prepaid Revenue		30,971	
Change Funds		36,860	
Petty Cash		900	
Due from State - Senior Citizen and Veteran Deductions		407,604	
Construction Code Training Fees		31,196	
Revenue Accounts Receivable		8,306,112	
Interfunds		473,729	315,765
Tax Overpayments		957,739	
Prepaid Taxes		543,313	
Special Emergency Notes		510,000	
Library		74,738	
Grants Receivable			18,950
Unappropriated Grants			155,205
Various Reserves		710,225	
		130,655,880	489,920
		143,829,159	862,013
Decreased by Disbursements:			
Current Year Budget Appropriations		37,231,767	
Change Funds		40,525	
Petty Cash		900	
Tax Overpayments		951,146	
Interfunds		1,937,109	87,517
Construction Code Training Fees		40,905	
Appropriation Reserves		2,129,607	
Local District School Taxes		74,448,895	
County Taxes Payable		10,590,525	
Special District Taxes		268,000	
Library		64,874	
Accounts Payable		12,097	
Grants			668,535
Prior Year Revenue Refunds		1,019,595	
Various Reserves		254,343	
		128,990,288	756,052
Balance - December 31, 2011	$	14,838,871	105,961

Exhibit A-5

BOROUGH OF FAIR LAWN, N.J.

Schedule of Cash - Change Fund

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	7,159
Increased by:		
Receipts		36,860
		44,019
Decreased by:		
Disbursements		40,525
Balance - December 31, 2011	$	3,494
Analysis of Balance:		
Tax Collector	$	300
Treasurer - ATM		2,839
Municipal Court		200
Police Department		25
Building Inspector		25
Sanitation		25
Free Public Library		80
	$	3,494

Exhibit A-6

Schedule of Cash - Petty Cash

Current Fund

Year Ended December 31, 2011

Increased by:		
Disbursed	$	900
Decreased by:		
Returned to Treasurer	$	900

Exhibit A-7

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, 2011

Balance - December 31, 2010		$ (159,108)
Increased by:		
Senior Citizens' Deductions Per Tax Billing	$ 98,250	
Veterans' Deductions Per Tax Billing	317,250	
Senior Citizen's and Veteran's Allowed - 2011	5,500	
		421,000
		261,892
Decreased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	407,604	
Senior Citizen's and Veteran's Disallowed - 2011	4,328	
		411,932
Balance - December 31, 2011		$ (150,040)

Exhibit A-8

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2011

Fund	Due from/(to) Balance Dec. 31, 2010	Increased	Decreased	Due from/(to) Balance Dec. 31, 2011
Current Fund	$ (61,722)	83,205	6,445	15,038
General Capital Fund	(74,247)	87,517	313,270	(300,000)
	$ (135,969)	170,722	319,715	(284,962)

Cash Receipts	$ 83,205	226,115
Cash Disbursements	87,517	
Imprvement Authorizations		87,155
Interest on Investments		6,445
	$ 170,722	319,715

Exhibit A-9

BOROUGH OF FAIR LAWN, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2011

Year	Balance, Dec. 31, 2010	Levy	Added Taxes	Collected 2010	Collected 2011	Senior Citizen and Veteran Deductions	Transferred to Tax Title Liens	Canceled	Balance, Dec. 31, 2011
2010	1,343,909				1,337,860		425	5,624	
	1,343,909				1,337,860		425	5,624	
2011		118,738,504	141,495	538,405	116,446,377	416,672	685	361,881	1,115,979
	$ 1,343,909	118,738,504	141,495	538,405	117,784,237	416,672	1,110	367,505	1,115,979

Analysis of Tax Levy

Tax yield:		
General Purpose Tax		$ 118,484,987
Special District Taxes		253,517
Added Tax (R.S. 54:4-63.1 et seq.)		141,495
		$ 118,879,999
Tax Levy:		
Local District School Tax		$ 74,463,468
County Tax	$ 10,423,085	
County Open Space Preservation	127,342	
County Added and Omitted Taxes	31,850	
		10,582,277
Municipal Open Space Tax		253,517
Special District Taxes		253,517
		85,552,779
Local Tax for Municipal Purposes	33,060,662	
Additional Taxes	266,558	
		33,327,220
		$ 118,879,999

Exhibit A-10

BOROUGH OF FAIR LAWN, N.J.

Schedule of Tax Title Liens

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	21,120
Increased by:		
Transfers from Taxes Receivable		1,110
		22,230
Decreased by:		
Redemptions		4,611
Balance - December 31, 2011	$	17,619

Exhibit A-11

Schedule of Other Liens Receivable

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	275
Increased by:		
Transfer in		354
Balance - December 31, 2011	$	629

Analysis of Balance

Account	Block	Lot		
79790	5412	26	$	90
04464	5829	30A-33A		185
				354
			$	629

Exhibit A-12

BOROUGH OF FAIR LAWN, N.J.

Schedule of Property Acquired for Taxes - Assessed Valuation

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$ 73,260
Balance - December 31, 2011	$ 73,260

Exhibit A-13

BOROUGH OF FAIR LAWN, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2011

	Balance Dec. 31, 2010	Accrued	Collected	Balance Dec. 31, 2011
Clerk:				
Licenses:				
Alcoholic beverages	$	43,390	43,390	
Other		41,313	41,313	
Fees and Permits		351,904	351,904	
Municipal Court :				
Fines and Costs	19,734	267,017	273,266	13,485
Treasurer:				
Cablevision Franchise Fees	297,039	287,333	296,917	287,455
Verizon Franchise Fees	92,878	117,859	93,000	117,737
Interest and Costs on Taxes		247,680	247,680	
Tax and Assessment Searches		550	550	
Memorial Pool		279,978	279,978	
Sewer User Charges		47,826	47,826	
Capital Surplus		1,813,772	1,813,772	
Consolidated Municipal Property Tax Relief Aid		153,341	153,341	
Energy Receipts Tax		3,591,192	3,591,192	
Uniform Construction Code Fees		684,543	684,543	
Uniform Fire Safety Act - Local		231,159	231,159	
Hotel Tax		125,418	125,418	
Interest on Investments and Deposits		80,332	80,332	
	$ 409,651	8,364,607	8,355,581	418,677

Prepaid Revenues	$ 49,469
Cash	8,306,112
	$ 8,355,581

Exhibit A-14

BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges

Current Fund

Year Ended December 31, 2011

	Balance Dec. 31, 2010	Added in 2011	Balance Dec. 31, 2011
Emergency Authorization	$	130,000	130,000
	$	130,000	130,000

Exhibit A-15

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

Current Fund

Year Ended December 31, 2011

	Amount Authorized	Not Less Than 1/5 of Amount Authorized	Balance Dec. 31, 2011
Hurricane Irene	$ 60,000	12,000	60,000
Revaluation	450,000	90,000	450,000
	$ 510,000	90,000	450,000

Exhibit A-16

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

Current Fund

Year Ended December 31, 2011

Fund	Due from/(to) Balance Dec. 31, 2010	Increased	Decreased	Due from/(to) Balance Dec. 31, 2011
Federal and State Grant Fund	$ 61,722	2,007	78,767	(15,038)
Animal Control Trust Fund	12,083	14,862		26,945
Other Trust Fund	82,455	7,258	9,250	80,463
Unemployement Trust Fund	(45,000)	135,000	90,000	
General Capital Fund	26,497	1,827,650	1,813,772	40,375
Water Utility Operating Fund	85,626		250,000	(164,374)
Cafeteria Plan Trust Fund	306		306	
Payroll Fund	5,027	2,311	2,514	4,824
	$ 228,716	1,989,088	2,244,609	(26,805)
Due to Current Fund	273,716	1,853,654	1,974,763	152,607
Due from Current Fund	(45,000)	135,434	269,846	(179,412)
	$ 228,716	1,989,088	2,244,609	(26,805)

Cash Receipts	$ 441,937	31,792
Cash Disbursements	135,000	1,802,109
Budget Revenue	1,387,210	
Reimbursement for Expense Paid	2,186	320,708
Budget Appropriations		90,000
Interest on Investments	22,755	
	$ 1,989,088	2,244,609

Exhibit A-17

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, 2010	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Salaries and Wages Within "CAPS":				
Administrative and Executive	$ 5,289	23,993		23,993
A&E Purchasing		58	22	36
Mayor & Council	159	159		159
Municipal Clerk	902	902		902
Financial Administration	6,788	9,288	2,500	6,788
Collection of Taxes	1,316	1,316		1,316
Engineering Services and Costs	2,920	2,920		2,920
Planning Board	312	312		312
Zoning Board of Adjustment	150	150		150
Police	466,282	366,282	254,459	111,823
Police Dispatch	25,662	662		662
Emergency Management	1,469	1,469		1,469
Municipal Court	1,072	1,072		1,072
Municipal Prosecutor	26,219	2,219		2,219
Road Repairs and Maintenance	4,623			
Shade Tree	7,132	7,132		7,132
Electrical Services	3,214	3,214		3,214
Public Buildings and Grounds	7,627	10,935		10,935
Maintenance of Garage	6,552			
Administration of Public Works	2,427	2,426		2,426
Sewer System	4,028	4,028		4,028
Recycling Program	116,173	206,174		206,174
Health Department	24,438	4,438		4,438
Administration of Public Assistance	19,627	1,627		1,627
Recreation	3,376	367,276		367,276
Parks and Playgrounds	10,935			
Terminal Leave	151	151		151
Construction Code Official	17,432	17,432		17,432
Public Defender	280	280		280
Total Salaries and Wages Within "CAPS"	770,482	1,039,842	256,981	782,861
Other Expenses Within "CAPS":				
Administrative and Executive	34,587	20,748	13,176	7,572
Purchasing		4,806	22	4,784
Human Resources	31,713	21,350	18,087	3,263
Mayor and Council	2,508	72,757	33,182	39,575
Municipal Clerk	5,202	7,976	2,685	5,291
Cultural Planner		1,572	575	997
Financial Administration:				
Other Expenses	3,151	9,024	8,131	893
Assessment of Taxes:				
Other Expenses	1,208	38,304	1,698	36,606
Collection of Taxes	3,814	4,991	1,177	3,814

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, 2010	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Legal Services and Costs:				
Other Expenses	22,826	11,400	760	10,640
Planning Board	25,567	19,250	10,205	9,045
Zoning Board of Adjustment	2,073	14,954	10,262	4,692
Insurance:				
Group Insurance Plan for Employee's:				
Hospital Service Insurance	469,152	1,202,991	1,197,897	5,094
Other Insurance Premiums	5,152			
Police:				
Other Expenses	9,691	77,436	28,744	48,692
Emergency Management Services	8,950	14,508	2,646	11,862
Fire Protection	25,346	32,301	5,854	26,447
Ambulance	12	3,897	2,138	1,759
Uniform Fire Safety Act	7,348	9,264	886	8,378
Municipal Court	3,379	7,532	2,843	4,689
Road Repairs and Maintenance	5,287	15,565	3,340	12,225
Shade Tree	3,823	74,406	67,216	7,190
Electrical Services	1,301	2,006	1,514	492
Public Buildings and Grounds	4,011			
Maintenance of Garage	44,770			
Community Services Act	1,878	1,878		1,878
Administration of Public Works	1,529	1,629		1,629
Sewer System	2,694	16,524	8,085	8,439
Recycling Program	1,439	10,414	8,631	1,783
Health Department	16,412	85,341	35,527	49,814
Administration of Public Assistance	265	3,399	1,967	1,432
Recreation	15,524	18,071	12,494	5,577
Parks and Playgrounds	8,169	18,095	14,169	3,926
Celebration of Public Events:				
Other Expenses	150	150	(133)	283
Cadmus House Historical Site	1,295	1,295	451	844
Postage-Other Expenses	1,444	2,011	567	1,444
Electricity	393	54,993	42,999	11,994
Street Lighting	109	62,609	62,044	565
Telephone	3,566	22,257	16,783	5,474
Natural Gas	26,894	12,494	11,538	956
Fuel Oil	4,338	11,562	2,178	9,384
Gasoline	17,669	45,020	33,964	11,056
Garbage and Trash-Contractual	400	400		400
Garbage and Trash-Other Expenses	53,526	140,806	127,066	13,740
Construction Code Official	6,411	9,920	3,466	6,454
Contingent	1,000	1,000		1,000
Total Other expenses Within "CAPS"	944,815	2,198,633	1,800,036	398,597

Exhibit A-17

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2011

	Balance, Dec. 31, 2010	Balance after Transfers and Encumbrances	Paid or Charged	Balance Lapsed
Deferred Charges and Statutory Expenditures Within "CAPS":				
Social Security System (O.A.S.I.)		181,997	3,006	178,991
Consolidated Police and Firemen's Pension	135	135	96	39
Total Deferred Charges and Statutory Expenditures Within "CAPS"	135	182,132	3,102	179,030
Other Expenses Excluded From "CAPS":				
Passaic Valley Sewer Commission Share of Costs	19,884	19,884		19,884
Garbage and Trash		7,923	4,078	3,845
Maintenance of Free Public Library	3,573	66,060	63,410	2,650
LOSAP	8,291	8,291	2,000	6,291
Health Benefits Exception	688,800			
Recycling Tax Appropriation	2,845			
Total Other Expenses Excluded from "CAPS"	723,393	102,158	69,488	32,670
Total Reserves	$ 2,438,825	3,522,765	2,129,607	1,393,158

Appropriation Reserves	2,438,825
Encumbrances	1,083,940
	$ 3,522,765

Exhibit A-18

BOROUGH OF FAIR LAWN, N.J.

Schedule of Encumbrances Payable

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	1,083,940
Increased by:		
Transferred from Current Year Budget		1,287,871
		2,371,811
Decreased by:		
Transferred to Appropriation Reserves		1,083,940
Balance - December 31, 2011	$	1,287,871

Exhibit A-19

BOROUGH OF FAIR LAWN, N.J.

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	145,560
Decreased by:		
Cash Disbursements		12,097
Balance - December 31, 2011	$	133,463

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Other Expenditures

Current Fund

Year Ended December 31, 2011

	Recycling	Police - Outside Service	Elevator Surcharge	Terminal Leave	Police Contract	Retiree's Insurance	Supervisors Contract	Community Center	Open Space	Total
Balance - December 31, 2010	$ 708,648	48,589	3,152	1,101,922	124,548	87,725	59,400	152,038	919,628	3,205,650
Increased by:										
Cash Receipts	403,308	178,452	504			67,421		60,540		710,225
Current Year Tax Levy									253,517	253,517
	403,308	178,452	504			67,421		60,540	253,517	963,742
	1,111,956	227,041	3,656	1,101,922	124,548	155,146	59,400	212,578	1,173,145	4,169,392
Decreased by:										
Budget Reimbursements	565,000	150,000								715,000
Cash Disbursements	24,343	325	504		6,460	2,786		130,614	89,311	254,343
	589,343	150,325	504		6,460	2,786		130,614	89,311	969,343
Balance - December 31, 2011	$ 522,613	76,716	3,152	1,101,922	118,088	152,360	59,400	81,964	1,083,834	3,200,049

Exhibit A-21

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Library Expenditures

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010		$	39,565
Increased by:			
State Library Aid	$ 14,957		
Book Fines	59,781		
			74,738
			114,303
Decreased by:			
State Library Aid	15,013		
Expenditures	49,861		
			64,874
Balance - December 31, 2011		$	49,429

Analysis of Balance		
State Library Aid	$	14,957
Book Fines		34,472
	$	49,429

Exhibit A-22

BOROUGH OF FAIR LAWN, N.J.

Schedule of Amount Due to the State of New Jersey

Current Fund

Year Ended December 31, 2011

		Construction Training Fee
Balance - December 31, 2010	$	17,355
Increased by:		
Collections		31,196
		48,551
Decreased by:		
Payments		40,905
Balance - December 31, 2011	$	7,646

Exhibit A-23

BOROUGH OF FAIR LAWN, N.J.

Schedule of Tax Overpayments

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	26,570
Increased by:		
Collections		957,739
		984,309
Decreased by:		
Taxes Applied		951,146
Balance - December 31, 2011	$	33,163

Exhibit A-24

BOROUGH OF FAIR LAWN, N.J.

Schedule of Local School District Tax Payable

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010		$ 544,445
Increased by:		
2011 Levy		74,463,467
		75,007,912
Decreased by:		
Payments		74,448,895
Balance - December 31, 2011		$ 559,017

Exhibit A-25

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010		$ 20,685
Increased by:		
2011 Levy	$ 10,423,085	
2011 Open Space	127,342	
2011 Added Assessments	31,850	
		10,582,277
		10,602,962
Decreased by:		
Payments		10,590,525
Balance - December 31, 2011		$ 12,437

Exhibit A-26

BOROUGH OF FAIR LAWN, N.J.

Schedule of Special Improvement District Taxes Payable

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	412
Increased by:		
Tax Levy		268,200
		268,612
Decreased by:		
Payments		268,200
Balance - December 31, 2011	$	412

Exhibit A-27

Schedule of Prepaid Revenue

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	49,469
Increased by:		
Cash Receipts		30,971
		80,440
Decreased by:		
Applied to 2011 Revenue		49,469
Balance - December 31, 2011	$	30,971

Analysis of Balance

Fees Collected		
Police - Parking Permits	$	30,971

Exhibit A-28

BOROUGH OF FAIR LAWN, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	538,405
Increased by:		
Collections		543,313
		1,081,718
Decreased by:		
Applied to 2011 Taxes Receivable		538,405
Balance - December 31, 2011	$	543,313

Exhibit A-29

Schedule of Reserve for Special Emergency Notes

Current Fund

Year Ended December 31, 2011

Increased by:		
Receipts	$	510,000
Balance - December 31, 2011	$	510,000

Exhibit A-30

BOROUGH OF FAIR LAWN, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2011

Grant	Balance, Dec. 31, 2010	2011 Budget Revenue Realized	Received	Balance, Dec. 31, 2011
Municipal Alliance on Alcoholism and Drug Abuse - 2008	$ 14,061			14,061
Municipal Alliance on Alcoholism and Drug Abuse - 2009	16,765			16,765
Municipal Alliance on Alcoholism and Drug Abuse - 2010	1,347			1,347
Municipal Alliance on Alcoholism and Drug Abuse - 2011		15,759	5,647	10,112
Office of Environmental Services - 1997	330			330
Health Priority Funding	2,456			2,456
Green Acres Grant	450,000			450,000
Statewide Local Domestic Preparedness	4,197			4,197
Statewide Local Domestic Preparedness - 2005	20,000			20,000
Speed/Aggressive Driving Enforcement 2006	3,500			3,500
Body Armor	33,327			33,327
DCA - Domestic Violence Training Grant	3,500			3,500
DCA - Domestic Violence Training Grant 2007	5,786			5,786
Fair Lawn Carbon Grant	800,000	200,000		1,000,000
Drunk Driving - Bergen County	4,662			4,662
Drunk Driving Enforcement Fund		6,306	6,306	
Emergency Preparedness	1			1
Smart Growth	7,000			7,000
H1-N1 Grant	49,326			49,326
Public Health Priority Funding	8,576			8,576
Over the Limit Under Arrest	39			39
Over the Limit Under Arrest 2011		5,000	5,000	
Over the Limit Under Arrest 2010		4,400	4,400	
Pandemic Flu		10,000	10,000	
COPS Secure Our School		24,980		24,980
Recycling Tonnage		77,559	77,559	
Alcohol Education and Rehabilitation		804	804	
Emergency Management		5,000	5,000	
Cops in Shops		4,500	4,500	
Forestry Grant	3,000			3,000
Flood Insurance	27,975			27,975
	$ 1,455,848	354,308	119,216	1,690,940
		Cash	18,950	
		Interfunds	100,266	
			$ 119,216	

Exhibit A-31

BOROUGH OF FAIR LAWN, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2011

Grant	Balance, Dec. 31, 2010	Transfer To 2011 Budget	Received	Balance, Dec. 31, 2011
Drunk Driving Enforcement Fund - 2008	$ 4,156	4,156		
Recycling Tonnage Grant	91,496		74,595	166,091
Drunk Driving Enforcement Fund	21,154	2,151	6,632	25,635
Over the Limit Under Arrest	4,400	4,400	4,400	4,400
Alcohol Education Rehabilitation	804	804	162	162
Bullet Proof Vests	16,705			16,705
Police - County	2,250			2,250
Cops in Shops	9,500	9,500	4,500	4,500
Body Armor	5,389		5,101	10,490
Body Armor			45,617	45,617
Body Armor			14,198	14,198
	$ 155,854	21,011	155,205	290,048

Exhibit A-32

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2011

Grant	Balance, Dec. 31, 2010	Transfer From 2011 Budget	Expended	Balance, Dec. 31, 2011
Municipal Alliance on Alcohol and Drug Abuse - 2008	$ 6,340		174	6,166
Municipal Alliance on Alcohol and Drug Abuse - 2009	1,270		992	278
Municipal Alliance on Alcohol and Drug Abuse - 2010	3,539		3,539	
Municipal Alliance on Alcohol and Drug Abuse - 2011		15,759	10,749	5,010
Public Health Priority Funding - 2007	3,447			3,447
Public Health Priority Funding - 2008	1,823			1,823
Public Health Priority Funding - 2009	3,078			3,078
Public Health Priority Funding - 2010	958		164	794
Clean Communities Grant - 2008	3,784		600	3,184
Clean Communities Grant - 2009	317		317	
Clean Communities Grant - 2010	22,568		20,965	1,603
Body Armor Replacement Program-2005	3,047		1,853	1,194
Body Armor Replacement Program-2006	17,613			17,613
Body Armor Replacement Program-2007	6,198			6,198
Body Armor Replacement Program-2009	5,196			5,196
Body Armor Replacement Program-2010	2,063			2,063
Click it or Ticket - 2010	4,000		3,389	611
Emergency Management Assistance Funding - 2008	5,000			5,000
Emergency Management Assistance Funding - 2009	5,000			5,000
Emergency Management Assistance Funding - 2010	5,000			5,000
Emergency Management Assistance Funding - 2011		5,000		5,000
Emergency Management Programing	181			181
Statewide Local Domestic Preparedness Program - 2005	5,316		355	4,961
DCA - Domestic Violence Training Grant - 2007	4,500			4,500
Drunk Driving Enforcement Grant - 2006	640		640	
Drunk Driving Enforcement Grant - 2007	11,386		2,587	8,799
Drunk Driving Enforcement Grant - 2008	1,749			1,749
Drunk Driving Enforcement Grant - 2010		6,306		6,306
Drunk Driving - Bergen County	14,039		140	13,899
Recreation for Individuals with Disabilities Grant	6,860			6,860
Pandemic Influenza Preparedness Grant 2008	60			60
Pandemic Influenza Preparedness Grant 2011		10,000	7,759	2,241
Alcohol Education / Rehab Program	970			970
Alcohol Education / Rehab Program	884			884
Alcohol Education / Rehab Program 2007	1,692			1,692
Alcohol Education / Rehab Program 2010		804		804
Recycling Tonnage Grant		77,559	10,028	67,531
Green Communities	2,000			2,000
Bergen County Cultural Arts - 2006	323			323
Fair Lawn Granular Activated Carbon Grant	821,409	200,000	934,782	86,627

Exhibit A-32

BOROUGH OF FAIR LAWN, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2011

Grant	Balance, Dec. 31, 2010	Transfer From 2011 Budget	Expended	Balance, Dec. 31, 2011
Green Acres Program - Open Space	450,000			450,000
Municipal Recycling Assistance Program 2008	605			605
Clean Communities	9,600		9,600	
Emergency Preparedness	1			1
Smart Growth	7,000			7,000
Alcohol Education Rehabilitation	1,253			1,253
Under Age Drinking	1,177			1,177
Drunk Driving Enforcement	9,068			9,068
H1N1 Grant	49,950		418	49,532
Over the Limit Under Arrest	39			39
Over the Limit Under Arrest		5,000	5,000	
Over the Limit Under Arrest		4,400		4,400
Bullet Proof Vest	4,200			4,200
COPS in Shops		4,500		4,500
COPS Secure Our Schools Grant		24,980		24,980
Forestry Grant	3,000			3,000
Flood Insurance	27,975			27,975
	$ 1,536,118	354,308	1,014,051	876,375

Budget $	329,328
Appropriated by 40a:4-87	24,980
$	354,308

Cash Disbursed	668,535
Encumbrances	345,516
	1,014,051

Exhibit B-1

BOROUGH OF FAIR LAWN, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2011

	Animal Trust Fund	Other Trust Fund	Council on Affordable Housing Trust	Unemployment Comp. Ins. Fund	Self-Insurance Trust Fund	Free Public Library Trust Fund	Cafeteria Plan Trust Fund	Emergency Service LOSAP Fund
Balance - December 31, 2010	$ 49,222	734,110		39,835	740,898	112,668	10,099	612,455
Increase by Receipts:								
Reserve for Animal Trust Expenditures	37,417							
Interfunds	228			135,000	1,475,000		62	
Prepaid Animal Licenses	1,088							
Due to the State of New Jersey	3,692	3,485						
Animal Trap Deposits	200							
Other Trust Funds		1,059,001						
Council on Affordable Housing Trust			20,463					
Unemployment Tax Withholdings				37,165				
Budget Appropriation								
Worker's Compensation					19,511			
Self-Insurance Liability								
Health Benefits Plan					6,381,762			
Cafeteria Plan Receipts							16,181	
Contributions								89,808
Interest on Investments		5,077	3	212	5,415	173		1,655
Total Receipts	42,625	1,067,563	20,466	172,377	7,881,688	173	16,243	91,463
	91,847	1,801,673	20,466	212,212	8,622,586	112,841	26,342	703,918
Decreased by Disbursements:								
Reserve for Animal Trust Expenditures	5,568							
Interfunds					596,656			
Due to the State of New Jersey	3,802	3,360		116,597				
Other Trust Funds		905,974						
Animal Trap Deposits	95							
Worker's Compensation					286,387			
Self-Insurance Liability					122,657			
Health Benefits Plan					6,381,590			
Cafeteria Plan Expenditures							16,139	
Net Depreciation on Benefit Contributions								19,858
LOSAP Distributions								32,781
LOSAP Plan Service Charges								192
Total Disbursements	9,465	909,334		116,597	7,387,290		16,139	52,831
Balance - December 31, 2011	82,382	892,339	20,466	95,615	1,235,296	112,841	10,203	651,087

Exhibit B-2

BOROUGH OF FAIR LAWN, N.J.

Schedule of Prepaid Dog Licenses

Trust Funds

Year Ended December 31, 2011

Balance - December 31, 2010	$	1,168
Increased by:		
Collections		1,088
		2,256
Decreased by:		
Applied to 2011 Licenses		1,168
Balance - December 31, 2011	$	1,088

Exhibit B-3

Schedule of Animal Trap Deposits

Trust Funds

Year Ended December 31, 2011

Balance - December 31, 2010	$	6,265
Increased by:		
Collections		200
		6,465
Decreased by:		
Refunds		95
Balance - December 31, 2011	$	6,370

Exhibit B-4

BOROUGH OF FAIR LAWN, N.J.

Schedule of Due to State of New Jersey

Trust Funds

Year Ended December 31, 2011

	Dog License Fees	Marriage/ Civil Union Fees	Burial Permit Fees	Quarterly Unemployment Taxes Due
Balance - December 31, 2010	$ 281	575	5	28,421
Increased by:				
Dog License Fees	3,692			
Civil Union Fees		50		
Marriage License Fees		3,425		
Burial Permit Fees			10	
Withholdings				101,656
	3,692	3,475	10	101,656
	3,973	4,050	15	130,077
Decreased by:				
Cash Disbursements	3,802	3,350	10	116,597
Balance - December 31, 2011	$ 171	700	5	13,480

Exhibit B-5

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds Receivable/(Payable)

Trust Funds

Year Ended December 31, 2011

	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
Animal Control Trust:				
Current Fund	$ (12,083)		14,862	(26,945)
Other Trust Fund:				
Current Fund	(82,455)	9,250	7,258	(80,463)
Council on Affordable Housing Trust:				
Current Fund			3	(3)
Unemployment Compensation Insurance Trust Fund:				
Current Fund	45,000	90,000	135,000	
Payroll Fund	3,551			3,551
	48,551	90,000	135,000	3,551
Self-Insurance Trust Fund:				
Current Fund		1,876,656	1,876,656	
Water Utility Fund		195,000	195,000	
		2,071,656	2,071,656	
Cafeteria Plan Trust Fund:				
Current Fund	(306)		62	(368)
	$ (46,293)	2,170,906	2,228,841	(104,228)

Receipts		1,610,000
Disbursements	596,656	
Interest on Investments		5,365
Reimburse expenses paid by Current		598,842
Expenses paid on behalf of Current Fund	9,250	
Budget Appropriation	1,565,000	
Statutory Excess		14,634
	$ 2,170,906	2,228,841

Exhibit B-6

BOROUGH OF FAIR LAWN, N.J.

Schedule of Sundry Reserve and Deposits

Trust Funds

Year Ended December 31, 2011

	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
Parking Offenses Adjudication Act	$ 22,904	1,474		24,378
Tax Title Lien Redemptions	159,700	657,197	573,207	243,690
Found Money	558			558
Insurance Proceeds-				
Damage to Borough Cars	2,047			2,047
State Nextel Purchase	4			4
Miscellaneous Reserves	4,845			4,845
	$ 190,058	658,671	573,207	275,522

Exhibit B-7

BOROUGH OF FAIR LAWN, N.J.

Schedule of Escrow Reserve and Deposits

Trust Funds

Year Ended December 31, 2011

	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
Street Opening Deposits	$ 4,600	1,000	200	5,400
Performance Bond	1,000			1,000
Performance Bond Paramus Auto Mall	98,130			98,130
Board of Education	1,250			1,250
Fisher Scientific	6,000			6,000
Damage to Borough Property	7,601	228		7,829
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		93,060		93,060
CDBG - Senior Kitchen		5,000		5,000
Zoning Board Escrow	129,008	103,778	177,932	54,854
Planning Board Escrow	80,441	138,460	102,595	116,306
Council Escrow	7,145	12,525	2,130	17,540
	$ 365,976	354,051	282,857	437,170
	Cash Receipts	346,982		
	Cash Disbursements		273,607	
	Due to Current Fund	7,069	9,250	
		354,051	282,857	

Street Opening Deposits	5,400
Performance Bonds	99,130
Escrow Accounts	332,640
	$ 437,170

Exhibit B-8

BOROUGH OF FAIR LAWN, N.J.

Schedule of Donation Reserve and Deposits

Trust Funds

Year Ended December 31, 2011

	Balance Dec. 31, 2010	Increased	Decreased	Balance Dec. 31, 2011
Human Services Donations	$ 19,888	12,912	12,905	19,895
Tree Planting Donations	1,713			1,713
Economic Development Donations	2,141			2,141
Flower Pot Donations	976			976
Community Police Donations	9,796	7,700	5,187	12,309
Reserve Police Donations	2,093			2,093
Concert Donations	13,611	2,850		16,461
Fireworks Donations	16,149	19,153	21,773	13,529
Fire Victims Donations	1,375		390	985
Camp Donations	343			343
Civil War Event Donations	922			922
Fire Department Donations	4,483			4,483
Hepatitis Shot Donations	2,024			2,024
LEPC Account Donations	31			31
Senior Center Donations	100	3,908	2,073	1,935
Adopt a Bench Donations	3,229			3,229
Safety Program Donations	252			252
Police Explorers Donations	3,869	6,325	6,987	3,207
Collura Memorial Donations	2,890			2,890
Police Vests Donations	5,750			5,750
Fl Vol Coalition Donations	610		595	15
Certification Donations	2,796	500		3,296
	$ 95,041	53,348	49,910	98,479
	Cash Receipts	53,348		
	Cash Disbursements		49,910	
		$ 53,348	49,910	

Exhibit B-9

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Animal Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2011

Balance - December 31, 2010			$	29,425
Increased by:				
Dog License Fees:				
Collections	$ 24,936			
Prepaids Applied	1,168			
		$ 26,104		
Cat License Fees		4,921		
Miscellaneous Revenue:				
Impound Fees	3,260			
Late Fees - Dog	4,130			
Animal Removal Fees	170			
		7,560		
				38,585
				68,010
Decreased by:				
Expenditures Under R.S. 4:19-15.11		5,568		
Statutory Excess Due to Current Fund		14,634		
				20,202
Balance - December 31, 2011			$	47,808

Animal License Fees Collected		
Year		
2009	$	22,810
2010		26,086
Maximum Reserve	$	48,896

Exhibit B-10

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for State Unemployment Insurance Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2011

Balance - December 31, 2010		$ 59,965
Increased by:		
Budget Appropriation	$ 90,000	
Payroll Deductions	37,165	
Interest on Investments	212	
		127,377
		187,342
Decreased by:		
Due to State of New Jersey		$ 101,656
Balance - December 31, 2011		$ 85,686

Exhibit B-11

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Worker's Compensation Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2011

Balance - December 31, 2010		$ 268,906
Increased by:		
Budget Appropriations	$ 300,000	
Water Operating Utility Budget Appropriation	70,000	
Interest on Investments	1,272	
		371,272
		640,178
Decreased by:		
Due to Current Fund	213,210	
Payment of Claims	286,387	
		499,597
Balance(Deficit) - December 31, 2011		$ 140,581

Exhibit B-12

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Liability Insurance Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2011

Balance - December 31, 2010		$ 471,573
Increased by:		
Budget Appropriations	$ 600,000	
Water Operating Utility Budget Appropriation	125,000	
Insurance Reimbursements	19,511	
Interest on Investments	3,104	
		747,615
		1,219,188
Decreased by:		
Due to Current Fund	383,446	
Payment of Claims	122,657	
		506,103
Balance - December 31, 2011		$ 713,085

Exhibit B-13

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Health Benefits Plan Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2011

Balance - December 31, 2010		$ 419
Increased by:		
Due from Current Fund	$ 380,000	
Cash Receipts	6,381,762	
Interest on Investments	1,039	
		$ 6,762,801
Decreased by:		
Payment of Claims		6,381,590
Balance - December 31, 2011		$ 381,630

Exhibit B-14

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Council on Affordable Housing Expenditures

Trust Funds

Year Ended December 31, 2011

Increased by:	
Receipts	$ 20,463
Balance - December 31, 2011	$ 20,463

Exhibit B-15

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserves for Library Expenditures

Library Trust Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	20,197
Increased by:		
Interest		173
Balance - December 31, 2011	$	20,370

Exhibit B-16

BOROUGH OF FAIR LAWN, N.J.

Schedule of Restricted Reserves for Library Expenditures

Library Trust Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	92,471
Balance - December 31, 2011	$	92,471
Analysis of Balance		
Eva Kaplan Trust Fund	$	23,140
Shirley T. Rosen Trust Fund		54,550
Endowment Program - Pavers		14,781
	$	92,471

Exhibit B-17

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Cafeteria Plan Expenditures

Year Ended December 31, 2011

Balance - December 31, 2010	$	9,793
Increased by:		
Cash Receipts		16,181
		25,974
Decreased by:		
Cash Disbursements		16,139
Balance - December 31, 2011	$	9,835

Exhibit B-18

BOROUGH OF FAIR LAWN, N.J.

Schedule of Service Award Contributions Receivable

Trust Funds

Year Ended December 31, 2011

Balance - December 31, 2010	$	65,772
Increased by:		
2011 Service Award Contributions		83,600
		149,372
Decreased by:		
Distributions		65,772
Balance - December 31, 2011	$	83,600

Exhibit B-19

BOROUGH OF FAIR LAWN, N.J.

Schedule of Net Assets Available for Benefits

Trust Funds

Year Ended December 31, 2011

Balance - December 31, 2010		$ 678,227
Increased by:		
Contributions	$ 83,600	
Additional Contributions - Prior Year	24,036	
Interest on Investments	1,655	
		109,291
		787,518
Decreased by:		
Plan Service Charges	192	
Distributions	32,781	
Net Depreciation of Benefit Contribution Investments	19,858	
		52,831
Balance - December 31, 2011		$ 734,687

Exhibit C-2

BOROUGH OF FAIR LAWN, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010		$ 1,654,986
Increased by Receipts:		
State Grants and County Grants	$ 25,626	
Federal Grants	13,270	
Interfunds	74,247	
Premium on Note Sale	33,666	
Capital Improvement Fund	175,000	
Deferred Charges - Unfunded	50,000	
General Serial Bonds	1,195,481	
Reserve for Payment of Debt	5,500,000	
Interest on Investments	13,878	
		7,081,168
		8,736,154
Decreased by Disbursements:		
Improvement Authorizations	2,385,520	
Interfunds	2,113,772	
Encumbrances payable	650,835	
		5,150,127
Balance - December 31, 2011		$ 3,586,027

Exhibit C-3

BOROUGH OF FAIR LAWN, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2011

Fund Balance		$ 33,666
State and County Grants Receivable		(582,650)
Federal Grants Receivable		(331,070)
Interfund Accounts Receivable		(254,935)
Encumbrances Payable		750,915
Reserve for Payment of Debt		1,221,620
Reserve for Public Works Employment Act of 1976		1,750
Reserve for Unappropriated State Grant		15,464
Capital Improvement Fund		133,882
Reserve for Grants Receivable		18,243
Improvement Authorizations:		
Ordinance Number	Improvement Description	
1408/1514/ 1541/1637	Improvements to Columbia Park	1,671
1440	Heights Area Roadway Improv. (CDBG)	28,811
1453	Improvements to Berdan Avenue	18,696
1460	Improvements to Municipal Building	12,813
1548/1578	Improvements to Library	830
1562/1590/1601	Multiple Purpose - Barrier Free Imps (CDBG)	60,431
1565/1571	Improvements to Pollitt and Banta Place	253,904
1592	Improvements to Columbia Terrace Park	2,227
1641/1700	Imp. of Plaza Road, Section 3 & 4 (DOT)	41,791
1644	Road Resurfacing/Barrier-Free Curbs (CDBG)	6,325
1735	Improvements to River Road (DOT)	2,970
1736	Lyncrest Flashing Lights (DOT)	12,286
1767	Improvements to Radburn Pathways (DOT)	803
1794/1807	Various Improvements - Pool/Tennis Courts	(27,800)
1779	Columbia Terrace Bike Path (DOT)	10,431
1801	Acq. Telephone System, ATM, Improvements to Walsh Pool	(18,325)
1809	Multiple Purpose	161,131
1845	Multiple Purpose	154,204
1857	Multiple Purpose	14,980
1864	Multiple Purpose	2,421
1884	Multiple Purpose	64,147
1917	Pollitt Drive Improvements	852
1922	Multiple Purpose	31,921
1929	Multiple Purpose	40,848

Exhibit C-3

BOROUGH OF FAIR LAWN, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2011

1941	Multiple Purpose	79,258
1951	Field Lighting	36,134
1953	Multiple Purpose	23,822
1965	Multiple Purpose	3,438
1970	Improvement to Streets	42,041
1971	Multi Purpose	3,000
1988	Multi Purpose	64,693
1992	Multi Purpose	(12,152)
2017	Multi Purpose	147,767
2021	Improvements to the Library	41
2030	Multi Purpose	72,957
2045	Senior Center Improvements	20,479
2046	Roadway Improvements	6,319
2053	Multi Purpose	63,795
2055	Berdan Grove Basketball Lighting	3,332
2074	Multi Purpose	83,300
2082	Improvement to River Road	1,663
2090	Acquisition of Computers and Network	(438)
2122	Multi Purpose	83,702
2155	Acquisition of Lands	149,500
2156	Installation of Athletic Field and Pool Fencing	75
2159	Various Public Improvements	76,792
2162	Improvements to Pellack Drive	18,096
2170	Senior Center Building Renovations	6,570
2182	Acquisition of Equipment - Police Department	6,165
2183	ADA ramps/curbs/sidewalks	7,427
2185	Fire Department Equipment/Equipment and Supplies for Fire Prevention Office	525
2187	Improvements to Berdan Avenue & Phillips St.	
2188	Construction of Warren Point Skate Park	3,640
2194	Various Improvements	(237,297)
2210	Various Improvements	(262,968)
2214	Acquisition of Real Property, 1206/18	410,218
2217	Emergency Services Equipment	75,000
2219	Various Improvements	214,670
2220	Improvement of Various Roads	509,210
		$ 3,586,027

Exhibit C-4

BOROUGH OF FAIR LAWN, N.J.

Schedule of State & County Grants Receivable

General Capital Fund

Year Ended December 31, 2011

	Grant Amount	Year	Ordinance	Balance Dec. 31, 2010	2011 Grants Authorized	Received	Balance Dec. 31, 2011
New Jersey Transportation Trust Fund:							
Improvement of Plaza Road - Section 3	350,000	1996/97	1641/1700	$ 28,395			28,395
Installation of School Warning Flashers at Lyndcrest School	20,000	1998	1736	6,296			6,296
Improvement of Radburn Pathways	95,000	1999	1767	33			33
Columbia Terrace Bike Path	60,000	2000	1779	8,284			8,284
Pollitt Extension and McBride Ave.	90,000	2002	1917	8			8
20th, Fairclough, Kipp, and Romaine St.	45,000	2003	1950	13,979			13,979
Improvements to 17th Street	50,000	2004	1986	20,000			20,000
Improvements to Various Streets	50,000	2004	1970	50,000			50,000
Improvements to River Road	25,000	2007	2082	1,664			1,664
Improvements to Pellack Drive	100,000	2009	2162	100,000			100,000
Improvements to Berdan Avenue & Phillip St.	115,000	2010	2187	115,000			115,000
New Jersey Department of Environment Protection:							
Statewide Livable Communities Grant	252,500	2003	1951	36,134			36,134
Bergen County Open Space Preservation Trust Fund:							
Ball Field Improvements	50,000	2004	1988	50,000			50,000
Berdan Grove Park	50,000	2004	1988	18,223			18,223
Berdan Grove Basketball Lighting	17,500	2006	2055	3,332			3,332
Installation of Athletic Field and Pool Fencing	56,500	2009	2156	31,500		25,626	5,874
Construction of Warren Point State Park	30,000	2010	2188	30,000			30,000
Bergen County Dept. of Public Works							
County-wide ADA ramps/curbs/sidewalks	88,270	2010	2183	7,428			7,428
County-wide ADA ramps/curbs/sidewalks	65,000	2011	2212		65,000		65,000
New Jersey Department of Law & Public Safety							
Body Armor Replacement Grant	14,412	2010	2182				
New Jersey Department of Community Affairs							
Statewide Livable Communities Grant:							
Improvements to Library	23,000	2005	2021	23,000			23,000
				$ 543,276	65,000	25,626	582,650

14,692.50

Exhibit C-5

BOROUGH OF FAIR LAWN, N.J.

Schedule of Federal Grants Receivable

General Capital Fund

Year Ended December 31, 2011

	Grant Amount	Year	Ordinance	Balance Dec. 31, 2010	2011 Grants Authorized	Received	Balance Dec. 31, 2011	
Community Development Block Grant:								
Heights Area Roadway Improvement	95,000	1989	1440	$ 28,811			① 28,811	Cancel
Various Road Improvements	69,100	1993	1542	8,267		?	8,267	
Barrier-Free Municipal Buildings	98,000	1994	1562b	60,064			② 60,064	Cancel
Barrier-Free Senior Center	60,000	1995	1601	375			③ 375	Cancel
Road Resurfacing and Barrier-Free Curb Cuts	80,000	1996	1644	6,325			④ 6,325	Cancel
	40,000	1999	Reserve	2,807		?	⑤ 2,807	
Improvements to Public Library	39,280	1997	1704a	13,409			13,409	
Memorial Park Rink; Warren Pt. Playgroun	45,000	2001	1864	2,421			2,421	Cancel ?
Multiple Purpose	125,000	2002	1900	17,422			17,422	
Improvements to Senior Center	38,000	2004	1971	3,000			3,000	
Senior Center Improvements	49,879	2006	2045	20,479			20,479	
Roadway Improvements	108,000	2006	2046	6,319			6,319	
Senior Center Building Improvements	40,000	2010	2170	40,000			40,000	
Barrier Free Curb Cuts	25,000	2011	2206		25,000		25,000	Rec'd.
ADA Access Imp to Memorial Pool	40,000	2011	2206		40,000		40,000	
Total Community Development Block Grants				209,699	65,000		274,699	
U.S. Department of Homeland Security:								
Assistance to Firefighters Grant - FEMA	87,638	2010	2185	13,391		13,270	121	
Assistance to Firefighters Grant - FEMA	56,250	2011	2217		56,250		56,250	
Total U.S. Department of Homeland Security				13,391	56,250	13,270	56,371	
				$ 223,090	121,250	13,270	331,070	

Exhibit C-6

BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges to Future Taxation - Funded

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010		$ 31,935,000
Decreased by:		
Current year Budget Appropriations:		
Capital Lease Principal	$ 285,000	
Serial Bond Principal	1,750,000	
		2,035,000
Balance - December 31, 2011		$ 29,900,000

Exhibit C-7

BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Funded	Balance Dec. 31, 2011	Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
	General improvements:							
1794/1807	Various Improvements - Pool/Tennis Court: $	27,800			27,800		27,800	
1801	Acquisition of Telephone System, ATM and Improvements to Walsh Pool	18,325			18,325		18,325	
1884	Multiple Purpose	119,000			119,000			119,000
1922	Multiple Purpose	70,850			70,850			70,850
1929	Multiple Purpose	214,995			214,995			214,995
1941	Multiple Purpose	1,055,000			1,055,000	100,000		955,000
1953	Multiple Purpose	80,000			80,000			80,000
1965	Multiple Purpose	375,000			375,000			375,000
1992	Multiple Purpose	271,000			271,000		12,152	258,848
2017	Multiple Purpose	300,000		50,000	250,000	200,000		50,000
2030	Multiple Purpose	76,000			76,000			76,000
2053	Multiple Purpose	1,250,000			1,250,000	300,000		950,000
2074	Multi Purpose	1,080,000			1,080,000	250,000		830,000
2090	Acquisition of Computers and Network	600			600		438	162
2122	Multi Purpose	1,096,000			1,096,000	500,000		596,000
2155	Acquisition of Lands	2,990,000			2,990,000			2,990,000
2159	Various Public Improvements	1,619,500			1,619,500	900,000		719,500
2182	Acquisition of Equipment - Police Departmen	43,300			43,300	40,000		3,300
2185	Fire Department Equipment/Equipment and Supplies for Fire Prevention Office	12,218			12,218	10,000		2,218
2194	Various Improvements	1,232,000			1,232,000	500,000	237,297	494,703

Exhibit C-7

BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Funded	Balance Dec. 31, 2011	Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorization
2210	Repeal 2204-10: Acquisition of the Naugle House Property		1,761,000		1,761,000	1,250,000	262,968	248,032
2214	Acquisition of Real Property, 1206/18		413,250		413,250	400,000		13,250
2219	Various Improvements		1,051,000		1,051,000	550,000		501,000
2220	Improvements to Various Roads		580,000		580,000	500,000		80,000
		$ 11,931,588	3,805,250	50,000	15,686,838	5,500,000	558,980	9,627,858

Improvement Authorizations - Unfunded		11,283,832
Less: Unexpended proceeds of Bond Anticipation Notes		
Ordinance:		
1941	79,258	
2017	147,767	
2053	63,795	
2074	83,300	
2122	83,702	
2159	76,792	
2182	6,165	
2185	525	
2214	400,000	
2219	214,670	
2220	500,000	
		1,655,974
		$ 9,627,858

Exhibit C-8

BOROUGH OF FAIR LAWN, N.J.

Schedule of General Serial Bonds Payable

General Capital Fund

Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2011 Date	Amount	Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
Multi-Purpose	Dec. 1, 2001	15,255,000	12/1/2012	1,200,000	4.250%	$ 7,205,000	1,200,000	6,005,000
			12/1/13-14	1,200,000				
			12/01/15	1,200,000	4.500%			
			12/01/16	1,205,000	4.625%			
Multi-Purpose	Dec. 15, 2010	13,415,000	12/15/12	550,000	3.000%	13,415,000	550,000	12,865,000
			12/15/13	575,000	3.000%			
			12/15/14	650,000	3.000%			
			12/15/15	725,000	3.000%			
			12/15/16	785,000	3.000%			
			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%			
			12/15/25	1,025,000	3.875%			
			12/15/26	1,025,000	4.000%			
						$ 20,620,000	1,750,000	18,870,000

Exhibit C-9

BOROUGH OF FAIR LAWN, N.J.

Schedule of Capital Leases Payable

General Capital Fund

Year Ended December 31, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding, December 31, 2011 Date	Amount	Interest Rate	Balance Dec. 31, 2010	Decreased	Balance Dec. 31, 2011
Recreation Center	Nov. 15, 2004	12,860,000	09/15/12	295,000	3.250%	11,315,000	285,000	11,030,000
			09/15/13	305,000	3.375%			
			09/15/14	315,000	3.500%			
			09/15/15	325,000	3.625%			
			09/15/16	335,000	4.250%			
			09/15/17	350,000	4.250%			
			09/15/18	365,000	4.000%			
			09/15/19	380,000	4.000%			
			09/15/20	395,000	4.000%			
			09/15/21	410,000	4.125%			
			09/15/22	425,000	5.000%			
			09/15/23	450,000	5.000%			
			09/15/24	470,000	5.000%			
			09/15/25	495,000	5.000%			
			09/15/26	520,000	5.000%			
			09/15/27	545,000	5.000%			
			09/15/28	570,000	5.000%			
			09/15/29	600,000	5.000%			
			09/15/30	630,000	5.000%			
			09/15/31	660,000	5.000%			
			09/15/32	695,000	5.000%			
			09/15/33	730,000	5.000%			
			09/15/34	765,000	5.000%			
						$ 11,315,000	285,000	11,030,000

Exhibit C-10

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Encumbrances Payable

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	650,835
Increased by:		
Charged to Improvement Authorizations		750,915
		1,401,750
Decreased by:		
Payments		650,835
Balance - December 31, 2011	$	750,915

Exhibit C-11

BOROUGH OF FAIR LAWN, N.J.

Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year ended December 31, 2011

Ord. No.	Improvement Description	Date of issue of original notes	Date of issue	Date of Maturity	Interest rate	Increased	Balance, Dec.31, 2011
1941	Multiple Purpose (CDBG)	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	$ 100,000	100,000
2017	Multi Purpose	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	200,000	200,000
2053	Multi Purpose	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	300,000	300,000
2074	Multi Purpose	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	250,000	250,000
2122	Multi Purpose	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	500,000	500,000
2159	Various Public Improvements	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	900,000	900,000
2182	Acquisition of Equipment - Police Department	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	40,000	40,000
2185	Fire Department Equipment/Equipment and Supplies for Fire Prevention Office	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	10,000	10,000
2194	Various Improvements	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	500,000	500,000
2210	Various Improvements	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	1,250,000	1,250,000
2214	Acquisition of Real Property, 1206/18	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	400,000	400,000
2219	Various Improvements	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	550,000	550,000
2220	Improvement of Various Roads	Sept. 22, 2011	Sept. 22, 2011	Sept. 22, 2012	1.00%	500,000	500,000
						$ 5,500,000	5,500,000

Exhibit C-12

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Payment of Debt

General Capital Fund

Year Ended December 31, 2011

	Balance Dec. 31, 2010	Increased	Balance Dec. 31, 2011
Ordinance 1737	$ 1,127		1,127
Community Development Block Grants	25,012		25,012
Ordinance 2210		1,195,481	1,195,481
	$ 26,139	1,195,481	1,221,620

Analysis of Balance	
Barrier Free Curb Cuts	$ 26,139
Acquisition of the Naugle House Property	1,195,481
	$ 1,221,620

Exhibit C-13

BOROUGH OF FAIR LAWN, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2010 Funded	Balance Dec. 31, 2010 Unfunded	2011 Authorizations	Paid or Charged	Balance Dec. 31, 2011 Funded	Balance Dec. 31, 2011 Unfunded
	General Improvements:							
1408/1514/ 1541/1637	Improvements to Columbia Park	$ 577,771	$ 1,671				1,671	
1440	Heights Area Roadway Improv. (CDBG)	95,000	28,811				28,811	
1453	Improvements to Berdan Avenue	57,600	18,696				18,696	
1460	Improvements to Municipal Building	189,000	12,813				12,813	
1548/1578	Improvements to Library	90,000	830				830	
1562/1590/1601	Multiple Purpose - Barrier Free Imps (CDBG)	218,000	60,431				60,431	
1565/1571	Improvements to Pollitt and Banta Place	1,245,300	253,904				253,904	
1592	Improvements to Columbia Terrace Park	68,000	2,227				2,227	
1641/1700	Imp. of Plaza Road, Section 3 & 4 (DOT)	350,000	41,791				41,791	-28394.60
1644	Road Resurfacing/Barrier-Free Curbs (CDBG)	80,000	6,325				6,325	
1735	Improvements to River Road (DOT)	500,000	2,970				2,970	
1736	Lyncrest Flashing Lights (DOT)	20,000	12,286				12,286	62296.02
1767	Improvements to Radburn Pathways (DOT)	95,000	803				803	3290
1779	Columbia Terrace Bike Path (DOT)	60,000	10,431				10,431	8283.20
1809	Multiple Purpose	1,866,900	185,131			24,000	161,131	
1840/1917	Pollitt Drive Improvements	125,000	852				852	
1845	Multiple Purpose	1,666,350	154,204				154,204	
1857/1900	Multiple Purpose (CDBG)	140,000	14,980				14,980	
1864	Multiple Purpose (CDBG)	45,000	2,421				2,421	
1884	Multiple Purpose	1,595,000	60,288	119,000		(3,859)	64,147	119,000
1922	Multiple Purpose	494,400	33,320	70,850		1,399	31,921	70,850
1929	Multiple Purpose	1,800,750	46,221	214,995		5,373	40,848	214,995
1941	Multiple Purpose (CDBG)	3,207,750		1,041,606		7,348		1,034,258
1951	Field Lighting	324,500	36,134				36,134	
1953	Multiple Purpose	399,000	24,891	80,000		1,069	23,822	80,000
1965	Multiple Purpose	1,620,000	12,428	375,000		8,990	3,438	375,000
1970	Improvement to Streets (DOT)	50,000	42,041				42,041	
1971	Multi Purpose	63,000	3,000				3,000	

Exhibit C-13

BOROUGH OF FAIR LAWN, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2010 Funded	Balance Dec. 31, 2010 Unfunded	2011 Authorizations	Paid or Charged	Balance Dec. 31, 2011 Funded	Balance Dec. 31, 2011 Unfunded
1988	Multi Purpose (Open Space)	100,000	64,693				64,693	
1992	Multi Purpose	1,459,500		266,541		7,693		258,848
2017	Multi Purpose	940,800		197,184		(583)		197,767
2021	Improvements to Library	23,000	41				41	
2030	Multi Purpose	804,300	105,245	76,000		32,288	72,957	76,000
2045	Senior Center Improvements (CDBG)	49,879	20,479				20,479	
2046	Roadway Improvements (CDBG)	108,000	6,319				6,319	
2055	Berdan Grove Basketball Lighting (Open Space)	17,500	3,332				3,332	
2053	Multi Purpose	3,087,000		1,021,089		7,294		1,013,795
2074	Multi Purpose	2,730,000		941,027		27,727		913,300
2082	Improvement to River Road (DOT)	20,000	1,663				1,663	
2090	Acquisition of Computers and Network	84,630		471		309		162
2122	Multi Purpose	2,642,000		735,894		56,192		679,702
2155	Acquisition of Lands	3,139,500	149,500	2,990,000			149,500	2,990,000
2156	Installation of Athletic Field and Pool Fencing Fencing (Open Space)	56,500	4,832			4,757	75	
2159	Various Public Improvements	1,701,000		993,333		197,041		796,292
2162	Improvements to Pellack Drive (DOT)	100,000	18,096				18,096	
2170	Senior Center Building Renovations (CDBG)	40,000	40,000			33,430	6,570	
2182	Acquisition of Equipment - Police Department	80,000		4,613		(4,852)		9,465
2183	ADA ramps/curbs/sidewalks	88,270	7,427				7,427	
2185	Fire Department Equipment/Equipment and Supplies for Fire Prevention Office	100,500	5,785	12,218		15,260		2,743
2187	Improvements to Berdan Avenue & Phillips Street (DOT)	115,000						
2188	Construction of Warren Point Skate Park (Open Space)	30,000	30,000			26,360	3,640	
2194	Various Improvements	1,297,050		1,031,482		536,779		494,703
2206	Barrier Free Curb Cuts	25,000			25,000	25,000		
2207	ADA Access to Memorial Pool	40,000			40,000	40,000		

Exhibit C-13

BOROUGH OF FAIR LAWN, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Ordinance Amount	Balance Dec. 31, 2010 Funded	Balance Dec. 31, 2010 Unfunded	2011 Authorizations	Paid or Charged	Balance Dec. 31, 2011 Funded	Balance Dec. 31, 2011 Unfunded
2210	Various Improvements	1,850,000			1,850,000	1,601,968		248,032
2212	County-wide ADA Ramps, Curbs and Sidewalk Construction Co-op Program	65,000			65,000	65,000		
2214	Acquisition of Real Property, 1206/18	435,000			435,000	11,532	10,218	413,250
2217	Emergency Services Equipment	75,000			75,000		75,000	
2219	Various Improvements	1,103,800			1,103,800	388,130		715,670
2220	Improvement of Various Roads	610,000			610,000	20,790	9,210	580,000
			$ 1,527,312	10,171,303	4,203,800	3,136,435	1,482,148	11,283,832

Capital Improvement Fund$	212,300
Grant Awards	186,250
Authorized but not Issued	3,805,250
$	4,203,800

Cash $	2,385,520
Encumbrances	750,915
$	3,136,435

Exhibit C-14

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Public Works Act of 1976

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$ 1,750
Balance - December 31, 2011	$ 1,750

Exhibit C-15

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

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$ 15,464
Balance - December 31, 2011	$ 15,464

Exhibit C-16

BOROUGH OF FAIR LAWN, N.J.

Schedule of Capital Improvement Fund

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$	171,182
Increased by:		
Budget Appropriation		175,000
		346,182
Decreased by:		
Appropriated to Finance Improvement Authorizations		212,300
Balance - December 31, 2011	$	133,882

Exhibit C-17

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

General Capital Fund

Year ended December 31, 2011

	Due from/(to) Balance Dec. 31, 2010	Increased	Decreased	Due from/(to) Balance Dec. 31, 2011
Current Fund	$ (26,497)	1,813,772	1,827,650	(40,375)
Federal and State Grant Fund	74,247	300,000	74,247	300,000
Water Utility Operating Fund	(4,690)			(4,690)
	$ 43,060	2,113,772	1,901,897	254,935
Analysis				
Due to General Capital Fund	74,247	300,000	74,247	300,000
Due from General Capital Fund	(31,187)	1,813,772	1,827,650	(45,065)
	$ 43,060	2,113,772	1,901,897	254,935

Cash Receipts	$	74,247
Interest on Investments		13,878
Budget Surplus		1,813,772
Reimbursement for expenditures paid		
Capital Improvement Fund		
Bond Anticipation Notes Interest Payable		
Grants Receivable		
Cash Disbursements	2,113,772	
	$ 2,113,772	1,901,897

Exhibit C-18

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Grants Receivable

General Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$ 18,243
Balance - December 31, 2011	$ 18,243

Analysis of Balance

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

Exhibit C-19

BOROUGH OF FAIR LAWN, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2011

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Decreased	Balance Dec. 31, 2011
	General improvements:				
1794	Multiple Purpose	$ 27,800			27,800
1801	Multiple Purpose	18,325			18,325
1884	Multiple Purpose	119,000			119,000
1922	Multiple Purpose	70,850			70,850
1929	Multiple Purpose	214,995			214,995
1941	Multiple Purpose	1,055,000		100,000	955,000
1953	Multiple Purpose	80,000			80,000
1965	Multiple Purpose	375,000			375,000
1992	Multiple Purpose	271,000			271,000
2017	Multiple Purpose	300,000		250,000	50,000
2030	Multiple Purpose	76,000			76,000
2053	Multiple Purpose	1,250,000		300,000	950,000
2074	Multi Purpose	1,080,000		250,000	830,000 + 500,000
2090	Acquisition of Computers and Network	600			600
2122	Multi Purpose	1,096,000		500,000	596,000 + 500,000
2155	Acquisition of Lands	2,990,000			2,990,000
2159	Multi Purpose	1,619,500		900,000	719,500 + 150,000
2182	Acquisition of Equipment - Police Department	43,300		40,000	3,300
2185	Fire Department Equipment/Equipment and Supplies for Fire Prevention Department	12,218		10,000	2,218
2194	Various Improvements	1,232,000		500,000	732,000 + 700,000
2210	Repeal 2204-10: Acquisition of the Naugle House Property		1,761,000	12,100,000 ~~1,250,000~~	511,000
2214	Acquisition of Real Property, 1206/18		413,250	400,000	13,250
2219	Various Improvements		1,051,000	550,000	501,000 + 45000
2220	Improvements to Various Roads		580,000	500,000	80,000
		$ 11,931,588	3,805,250	5,550,000	10,186,838
				-1,200,000	+ 2300,00
			Bond Anticipation Notes	5,500,000	
			Funded	50,000	+
				$ 5,550,000	
				4300,000	= 66000

THIS PAGE INTENTIONALLY LEFT BLANK

Exhibit D-5

BOROUGH OF FAIR LAWN, N.J.

Schedule of Cash - Treasurer

Water Utility Fund

Year ended December 31, 2011

	Operating	Capital
Balance, December 31, 2010	$ 900,507	46,322
Increased by Receipts:		
Water Collector	5,661,118	
Interest on Investments	4,200	566
Other Miscellaneous	2,687	
Water Rent Overpayments	6,821	
Capital Improvement Fund		12,000
Bond Anticipation Notes		700,000
Interfunds	90	140,000
	5,674,916	852,566
	6,575,423	898,888
Decreased by Disbursements:		
2011 Appropriations	4,490,042	
2010 Appropriation Reserves	334,402	
Interfunds	390,000	
Water Rent Overpayments	11,085	
Accrued Interest on Bonds	102,562	
Improvement Authorizations		211,492
	5,328,091	211,492
Balance, December 31, 2011	$ 1,247,332	687,396

Exhibit D-6

BOROUGH OF FAIR LAWN, N.J.

Analysis of Cash

Water Utility Capital Fund

December 31, 2011

		Balance, Dec. 31, 2011
Fund Balance		$ 97,357
Capital Improvement Fund		8,000
Interfunds Accounts Payable		404,098
Improvement authorizations:		
Ordinance number	General improvements	
1371	Multi-Purpose	(8,614)
1456	Multi-Purpose	(1,318)
1729	Multi-Purpose	(33,725)
1756	Multi-Purpose	7,339
1771	Multi-Purpose	3,707
1810	Multi-Purpose	7,577
1846	Improvements to the Water System	563
1863	Multi-Purpose	4,268
1930	Improvements to the Water System	8,283
1942	Multi-Purpose	7,328
1993	Multi-Purpose	173
2031	Multi-Purpose	238,698
2054	Improvement to Water System	(70,385)
2123	Improvement to Water System	(58,475)
2160	Improvement to Water System	(18,291)
2195	Improvement to Water System	27,392
2218	Various Improvements to Water System	63,421
		$ 687,396

Exhibit D-7

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

Water Utility Operating Fund

Year ended December 31, 2011

	Due from/(to) Balance Dec. 31, 2010	Increased	Due from/(to) Balance Dec. 31, 2011
Current Fund	$ (85,626)	250,000	164,374
General Capital Fund	4,690		4,690
Water Utility Capital Fund	263,532	140,566	404,098
	$ 182,596	390,566	573,162
Analysis			
Due to Water Utility Operating Fund	268,222	140,566	408,788
Due from Water Utility Operating Fund	(85,626)	250,000	164,374
	$ 182,596	390,566	573,162

Cash Receipts	$ 90
Cash Disbursements	390,000
Budget Revenue	476
	$ 390,566

Exhibit D-8

BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Charges

Water Utility Operating Fund

Year ended December 31, 2011

Balance, December 31, 2010	$ 375,000
Decreased by:	
Budget Appropriations	$ 375,000

Exhibit D-9

BOROUGH OF FAIR LAWN, N.J.

Schedule of Consumers' Accounts Receivable - Operating Fund

Water Utility Fund

Year ended December 31, 2011

Balance, December 31, 2010	$	546,643
Increased by:		
2011 Levy		5,578,893
		6,125,536
Decreased by:		
Cash receipts		5,661,118
Balance, December 31, 2011	$	464,418

Exhibit D-10

Inventory - Material and Supplies

Water Utility Fund

Year ended December 31, 2011

Balance, December 31, 2010	$	64,044
Balance, December 31, 2011	$	64,044

Exhibit D-11

BOROUGH OF FAIR LAWN, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year ended December 31, 2011

Account		Balance, Dec. 31, 2011
Springs and Wells	$	1,726,211
Land and Pumping Stations		231,878
Structure and Pumping Stations		149,876
Electrical Pumping Equipment		161,456
Miscellaneous Pumping Equipment		68,622
Storage Reservoirs and Tanks		567,062
Distribution Mains and Accessories		7,537,556
Meters		648,774
Fire Hydrants		74,201
Garage		39,068
Other Tangible Water Capital		424,436
Distribution Equipment		10,642
Engineering During Construction		156,076
Legal Expenses During Construction		20,243
Interest During Construction		35,641
Miscellaneous Charges During Construction		47,257
	$	11,898,999

Exhibit D-12

BOROUGH OF FAIR LAWN, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year ended December 31, 2011

Ordinance number	Improvement description	Ordinance Date	Ordinance Amount	Balance, Dec. 31, 2010	2011 Authorizations	Balance, Dec. 31, 2011
1572	Improvement of Water Supply and Distribution System	Sept. 13, 1994	232,400	$ 232,400		232,400
1597	Improvement of Water Supply and Distribution System	May 20, 1995	671,000	671,000		671,000
1639	Improvement of Water Supply and Distribution System	May 24, 1996	488,600	458,600		458,600
1678	Multi-Purpose	Mar. 25, 1997	205,200	205,200		205,200
1729	Multi-Purpose	June 9, 1998	434,600	434,600		434,600
1756	Multi-Purpose	May 4, 1999	84,000	84,000		84,000
1771	Multi-Purpose	Oct. 12, 1999	55,900	55,900		55,900
1810	Multi-Purpose	Sept. 5, 2000	302,400	302,400		302,400
1846	Improvements to the Water System	March 27, 2001	265,965	265,965		265,965
1863	Multi-Purpose	June 25, 2001	133,665	133,665		133,665
1930	Improvements to the Water System	November 11, 2002	257,145	257,145		257,145
1942	Multi-Purpose	March 25, 2003	904,050	904,050		904,050
1993	Multi-Purpose	October 12, 2004	690,900	690,900		690,900
2031	Multi-Purpose	October 11, 2005	814,800	814,800		814,800
2054	Improvement to Water System	May 23, 2006	373,800	373,800		373,800
2123	Improvement to Water System	August 19, 2008	94,200	92,400		92,400
2160	Improvement to Water System	July 21, 2009	294,000	294,000		294,000
2195	Improvement to Water System	Sept. 21, 2010	158,500	158,500		158,500
2218	Various Improvements to Water Syster	July 19, 2011	280,500		280,500	280,500
				$ 6,429,325	280,500	6,709,825

Exhibit D-13

BOROUGH OF FAIR LAWN, N.J.

Schedule of 2010 Appropriation Reserves

Water Utility Fund

Year ended December 31, 2011

	Balance, Dec. 31, 2010	Balance after tranfers and encumbrances	Paid or charged	Balance Lapsed
Operating:				
Salaries and Wages	$ 56,193	56,193		56,193
Other Expenses	264,238	478,839	334,402	144,437
	$ 320,431	535,032	334,402	200,630
Appropriation Reserves		214,601		
Encumbrances		320,431		
		$ 535,032		

Exhibit D-14

BOROUGH OF FAIR LAWN, N.J.

Schedule of Accounts Payable

Water Utility Fund

Year ended December 31, 2011

Balance, December 31, 2010	$ 3,234
Balance, December 31, 2011	$ 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 Department	2,224
		$ 3,234

Exhibit D-15

Schedule of Water Rent Overpayments

Water Utility Fund

Year ended December 31, 2011

Balance, December 31, 2010	$ 11,085
Increased by:	
Current year overpayments	6,821
	17,906
Decreased by:	
Refunded	11,085
Balance, December 31, 2011	$ 6,821

Exhibit D-16

BOROUGH OF FAIR LAWN, N.J.

Schedule of Accrued Interest on Bonds and Notes

Water Utility Fund

Year ended December 31, 2011

Balance, December 31, 2010	$	31,589
Increased by:		
Budget Appropriation		100,000
		131,589
Decreased by:		
Payments		102,562
Balance, December 31, 2011	$	29,027

Analysis of Accrued Interest

	Principal Outstanding Dec. 31, 2011	Period	Interest Rate		Amount
Serial Bonds					
	$ 166,000	5 Months	4.70%	$	3,251
	290,000	1 Month	4.40%		1,063
	2,140,000	15 Days	3.00%		2,675
Bond Anticipation Notes					
	700,000	4 Months	1.00%		10,967
	Unallocated Accruals				11,071
				$	29,027

Exhibit D-17

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Supervisors Contract

Water Utility Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$ 7,200
Balance - December 31, 2011	$ 7,200

Exhibit D-18

BOROUGH OF FAIR LAWN, N.J.

Schedule of Reserve for Encumbrances Payable

Water Utility Capital Fund

Year Ended December 31, 2011

Balance - December 31, 2010	$ 214,601
Increased by:	
Charged to Improvement Authorizations	145,790
	360,391
Decreased by:	
Transferred to Appropriation Reserves	214,601
Balance - December 31, 2011	$ 145,790

Exhibit D-19

BOROUGH OF FAIR LAWN, N.J.

Schedule of Improvement Authorizations

Water Utility Capital Fund

Year ended December 31, 2011

Ordinance number	Improvement description	Ordinance Date	Ordinance Amount	Balance, Dec. 31, 2010 Funded	Balance, Dec. 31, 2010 Unfunded	2011 Authorizations	Expended	Balance, Dec. 31, 2011 Funded	Balance, Dec. 31, 2011 Unfunded
1572	Improvement of Water Supply and Distribution System	Sept. 13, 1994	$ 232,400	$	21,300				21,300
1597	Improvement of Water Supply and Distribution System	May 20, 1995	671,000		150				150
1729	Multi-Purpose	June 9, 1998	434,600		56,608				56,608
1756	Multi-Purpose	May 4, 1999	84,000	7,650	10,000		311	7,339	10,000
1771	Multi-Purpose	Oct. 12, 1999	55,900	3,707				3,707	
1810	Multi-Purpose	Sept. 5, 2000	302,400	7,720	28,000		143	7,577	28,000
1846	Improvements to the Water System	March 27, 2001	265,965	1,453	23,300		890	563	23,300
1863	Multi-Purpose	June 25, 2001	133,665	5,087	27,300		819	4,268	27,300
1930	Improvements to the Water System	November 11, 2002	257,145	8,582	39,898		299	8,283	39,898
1942	Multi-Purpose	March 25, 2003	904,050	8,055	136,000		727	7,328	136,000
1993	Multi-Purpose	October 12, 2004	690,900	2,757	129,000		2,584	173	129,000
2031	Multi-Purpose	October 11, 2005	814,800		612,078		2,375		609,703
2054	Improvement to Water System	May 23, 2006	373,800		90,193		578		89,615
2123	Improvement to Water System	August 19, 2008	92,400		39,279		9,854		29,425
2160	Improvement to Water System	July 21, 2009	92,400	7,325	216,609		112,225		111,709
2195	Improvement to Water System	Sept. 21, 2010	158,500	8,000	150,500		80,608		77,892
2218	Various Improvements to Water System	July 19, 2011	280,500			280,500	79	13,421	267,000
				$ 60,336	1,580,215	280,500	211,492	52,659	1,656,900

Exhibit D-20

BOROUGH OF FAIR LAWN, N.J.

Schedule of Interfunds

Water Utility Capital Fund

Year ended December 31, 2011

	Due from/(to) Balance Dec. 31, 2010	Decreased	Due from/(to) Balance Dec. 31, 2011
Water Utility Operating Fund	$ (263,532)	140,566	(404,098)
	$ (263,532)	140,566	(404,098)
Analysis			
Due to Water Utility Capital Fund			
Due from Water Utility Capital Fund	(263,532)	140,566	(404,098)
	$ (263,532)	140,566	(404,098)

Cash Receipts	140,000
Interest on Investments	566
	140,566

Exhibit D-21

BOROUGH OF FAIR LAWN, N.J.

Schedule of Capital Improvement Fund

Water Utility Capital Fund

Year ended December 31, 2011

Balance, December 31, 2010	$	9,500
Increased by:		
2011 Budget Appropriation		12,000
		21,500
Decreased by:		
Appropriated to Finance Improvement Authorizations		13,500
Balance, December 31, 2011	$	8,000

Exhibit D-22

Schedule of Reserve for Amortization

Water Utility Capital Fund

Year ended December 31, 2011

Balance, December 31, 2010	$	12,486,444
Increased by:		
Budget Appropriation - Serial Bond Principal		360,000
Balance, December 31, 2011	$	12,846,444

BOROUGH OF FAIR LAWN, N.J.

Schedule of Deferred Reserve for Amortization

Water Utility Capital Fund

Year ended December 31, 2011

Ordinance number	Improvement description	Date of Ordinance	Balance, Dec. 31, 2010	Increased	Balance, Dec. 31, 2011
1371	Multi-Purpose	June 23, 1987	$ 86,349		86,349
1398	Multi-Purpose	June 28, 1988	220,995		220,995
1456	Multi-Purpose	Sept. 11, 1990	138,361		138,361
1486	Multi-Purpose	June 20, 1991	4,200		4,200
1506	Improvement of Water Supply and Distribution System	July 28, 1992	5,300		5,300
1531	Multi-Purpose	June 22, 1993	11,200		11,200
1534	Improvement of Water Supply and Distribution System	Oct. 12, 1993	59,750		59,750
1572	Improvement of Water Supply and Distribution System	Sept. 13, 1994	11,100		11,100
1597	Improvement of Water Supply and Distribution System	May 9, 1995	32,000		32,000
1639	Improvement of Water Supply and Distribution System	May 24, 1996	21,850		21,850
1678	Multi-Purpose	Mar. 25, 1997	12,717		12,717
1729	Multi-Purpose	June 9, 1998	21,750		21,750
1756	Multi-Purpose	May 4, 1999	(225)		(225)
1771	Multi-Purpose	Oct. 12, 1999	15,559		15,559
1810	Multi-Purpose	Sept. 5, 2000	31,056		31,056
1846	Improvements to the Water System	March 27, 2001	18,488		18,488
1863	Multi-Purpose	June 25, 2001	24,547		24,547
1930	Improvements to the Water System	November 11, 2002	18,299		18,299
1942	Multi-Purpose	March 25, 2003	61,370		61,370
1993	Multi-Purpose	October 12, 2004	42,137		42,137
2031	Multi-Purpose	October 11, 2005	40,159		40,159
2054	Improvement to Water System	May 23, 2006	17,800		17,800
2123	Improvement to Water System	August 19, 2008	4,500		4,500
2160	Improvement to Water System	July 21, 2009	14,000		14,000
2195	Improvement to Water System	Sept. 21, 2010	8,000		8,000
2218	Various Improvements to Water System	July 19, 2011		13,500	13,500
			$ 921,262	13,500	934,762

BOROUGH OF FAIR LAWN, N.J.

Schedule of Water Utility Serial Bonds

Water Utility Capital Fund

Year ended December 31, 2011

Purpose	Date of issue	Original issue	Maturities of bonds outstanding, December 31, 2011 Date	Amount	Interest rate	Balance, Dec. 31, 2010	Decreased	Balance, Dec. 31, 2011
Water Improvements	Aug. 1, 1997	2,621,000	Aug. 1, 2012	166,000	4.70	366,000	200,000	166,000
Water Improvements	Dec. 1, 2001	715,000	Dec. 1, 2012-13	60,000	4.40	345,000	55,000	290,000
			Dec. 1, 2014	60,000	4.50			
			Dec. 1, 2015	60,000	4.60			
			Dec. 1, 2016	50,000	4.70			
Water Improvements	Dec. 15, 2010	2,245,000	Dec. 15, 2012	140,000	3.00	2,245,000	105,000	2,140,000
			Dec. 15, 2013-19	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			
						$ 2,956,000	360,000	2,596,000

Exhibit D-25

BOROUGH OF FAIR LAWN, N.J.

Schedule of Bond Anticipation Notes Payable

Water Utility Capital Fund

Year ended December 31, 2011

Ord. No.	Improvement Description	Date of issue of original notes	Date of issue	Date of Maturity	Interest rate	Increased	Balance, Dec.31, 2011
2031	Multi-Purpose	Sept. 22, 2011	Sept. 22, 2011	Sept. 21, 2012	1.00%	300,000	300,000
2054	Improvement to Water System	Sept. 22, 2011	Sept. 22, 2011	Sept. 21, 2012	1.00%	100,000	100,000
2160	Improvement to Water System	Sept. 22, 2011	Sept. 22, 2011	Sept. 21, 2012	1.00%	150,000	150,000
2195	Improvement to Water System	Sept. 22, 2011	Sept. 22, 2011	Sept. 21, 2012	1.00%	100,000	100,000
2218	Various Improvements to Water System	Sept. 22, 2011	Sept. 22, 2011	Sept. 21, 2012	1.00%	50,000	50,000
						$ 700,000	700,000

Exhibit D-26

BOROUGH OF FAIR LAWN, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year ended December 31, 2011

Ordinance Number	Improvement Description	Balance Dec. 31, 2010	2011 Authorizations	Decreased by:	Balance Dec. 31, 2011	
1371	Multi-Purpose	$ 8,614			8,614	
1456	Multi-Purpose	1,318			1,318	
1572	Improvement of the Water Supply and Distribution System	21,300			21,300	
1597	Improvement of the Water Supply and Distribution System	150			150	
1729	Multi-Purpose	90,333			90,333	
1756	Multi-Purpose	10,000			10,000	
1771	Multi-Purpose	1,238			1,238	
1810	Multi-Purpose	28,000			28,000	
1846	Improvement to the water system	23,300			23,300	
1863	Multi-Purpose	27,300			27,300	
1930	Improvement to the water system	39,898			39,898	
1942	Multi-Purpose	136,000			136,000	
1993	Multi-Purpose	129,000			129,000	
2031	Multi-Purpose	710,000		300,000	410,000	300,00
2054	Improvement to Water System	260,000		100,000	160,000	100,000
2123	Improvement to Water System	87,900			87,900	
2160	Improvement to Water System	280,000		150,000	130,000	100,00
2195	Improvement to Water System	150,500		100,000	50,500	
2218	Various Improvements to Water System		267,000	50,000	217,000	+200,00
		$ 2,004,851	267,000	700,000	1,571,851	700,0C

THIS PAGE INTENTIONALLY LEFT BLANK

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

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

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

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

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

May 15, 2012

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

We have audited the financial statements-regulatory basis of the Borough of Fair Lawn in the County of Bergen as of and for the year ended December 31, 2011, and have issued our report thereon dated May 15, 2012. Our report disclosed that, as described in Note 1 to the financial statements-regulatory basis, the Borough of Fair Lawn prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

FWCC

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

Compliance and Other Matters

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

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

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

Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CRO0413

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

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

May 15, 2012

FWCC

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

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

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

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04 AS AMENDED

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

Compliance

We have audited the compliance of the Borough of Fair Lawn, with the types of compliance requirements described in the New Jersey State Office of Management and Budget's State Aid/Grant Compliance Supplement that are applicable to each of its major state programs for the year ended December 31, 2011. The Borough of Fair Lawn's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major state programs is the responsibility of the Borough of Fair Lawn's management. Our responsibility is to express an opinion on the Borough of Fair Lawn's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"; and the provisions of the New Jersey State Treasury Circular Letter 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Those standards and OMB Circular A-133 and N.J. OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major state programs occurred. An audit includes examining, on a test basis, evidence about the Borough of Fair Lawn's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Fair Lawn's compliance with those requirements.

In our opinion, the Borough of Fair Lawn complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed immaterial differences of noncompliance with those requirements, which are described in the accompany's schedule of findings and questioned costs and the accompanying comments and recommendations section of this report.

FWCC

Internal Control Over Compliance

The management of the Borough of Fair Lawn is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Borough of Fair Lawn's internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Fair Lawn's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

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

May 15, 2012

FWCC

Schedule 1

BOROUGH OF FAIR LAWN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2011

Name of Federal Agency or Department	Federal Program	C.F.D.A. Account No.	Total Grant Award	Grant Year	Balance Dec., 31 2010	Cash Received	Grant Expenditures	Deferred Revenue/ (Accounts Receivable) Dec., 31 2011	MEMO Cumulative Total Expenditures
Department of Environmental Protection	Municipal Stormwater Regulation Program	66.605	15,464	2005	15,464			15,464	
Department of Housing and Urban Development Pass Through Funds:									
County of Bergen	Community Development Block Grants:								
	Various Road Improvements, Ord. 1440	14.218	125,000	1991					96,189
	Various Road Improvements, Ord. 1542	14.218	69,100	1993	(8,267)			(8,267)	69,100
	Barrier-Free Municipal Building, Ord. 1562b	14.218	98,000	1994	367			367	37,569
	Barrier-Free Senior Center, Ord. 1601	14.218	60,000	1995	(375)			(375)	60,000
	Road Resurfacing and Barrier Free Curb Cuts, Ord. 1644	14.218	80,000	1999					73,675
	Imps. to Public Library, Ord. 1704a	14.218	31,940	1997	(13,409)			(13,409)	31,940
	Memorial Park Rink, Warren Pt. Playground Ord. 1864	14.218	45,000	2001					
	Hearing Center Building Conversion, Ord. 1900	14.218	125,000	2002	(2,442)			(2,442)	110,020
	Improvements to Senior Center, Ord. 1971	14.218	38,000	2004					35,000
	Senior Center Improvements Ord. 2045	14.218	49,879	2006					29,400
	Roadway Improvements	14.218	108,000	2006					101,681
	Senior Center Building Improvements Ord. 2170	14.218	40,000	2010			33,430	(33,430)	33,403
Department of Homeland Security	Assistance to Firefighters Grant - FEMA - Ord. 2185		87,638	2010	(8,250)		5,141	(13,391)	87,638
	Flood Insurance Grant		27,975	2010					
Department of Law and Public Safety	H1N1 Grant	93.069	147,022	2009	624		418	206	97,490
Department of Justice	Cops in Shops	16.727	9,500	2010	9,500			9,500	
	Cops in Shops	16.727	4,500	2011		4,500		4,500	
	COPS Secure our Schools	16.727	24,980	2011					
	Bullet Proof Vest Grant		4,200	2010	4,200			4,200	
			16,705	2010	16,705			16,705	
					14,117	4,500	38,989	(20,372)	863,105

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

THIS PAGE INTENTIONALLY LEFT BLANK

Schedule 2

BOROUGH OF FAIR LAWN

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2011

Name of State Agency or Department	State Program	State Program / Account No.	Total Grant Award	Grant Year	Balance Dec., 31 2010	Cash Received	Grant Expenditures	Deferred Revenue/ (Accounts Receivable) Dec., 31 2011	MEMO Cumulative Total Expenditures
Department of Transportation	Improvement to Plaza Road - Section III - Ord. 1641/1700		350,000	1996/97	13,576			13,576	308,029
	Improvement to River Road District - Ord. 1735		500,000	1998	2,970			2,970	466,115
	Installation of School Warning Flashers at Lyndcrest School - Ord. 1736		20,000	1998	5,990			5,990	7,714
	Improvement of Radburn Pathways - Ord. 1767		95,000	1999	770			770	94,197
	Columbia Terrace Bike Path - Ord. 1779		60,000	2000	2,147			2,147	49,569
	Pollitt Drive Extension & McBride Avenue - Ord. 1917		90,000	2002	(8)			(8)	90,000
	Improvements to Streets - 20th, Fairclough, Kipp, and Romaine St. - Ord. 1950		45,000	2003	(13,979)			(13,979)	45,000
	Improvements to 17th Street - Ord. 1986		50,000	2004	(20,000)			(20,000)	50,000
	Improvements to Various Streets - Ord. 1970		50,000	2004	(7,959)			(7,959)	7,959
	Improvements to River Road - Ord. 2082		25,000	2007	(1)			(1)	23,337
	Improvement to Pellack Drive - Ord. 2162		100,000	2009	(81,904)			(81,904)	100,000
	Improvements to Berdan Ave & Phillips St. - Ord. 2187		115,000	2010	(115,000)			(115,000)	115,000
Department of Health and Senior Services	Public Health Priority Funding	4220-150-21030-60	15,700	2006	(2,456)			(2,456)	15,700
		4220-150-21030-60	16,052	2007	3,447			3,447	12,605
		4220-150-21030-60	17,554	2008	1,823			1,823	15,741
		4220-150-21030-60	17,152	2009	3,078			3,078	14,074
		4220-150-21030-60	8,681	2010	(7,618)		164	(7,782)	7,887
	Pandemic Influenza Preparedness		11,014	2008	60			60	10,954
			10,000	2011		10,000	7,759	2,241	7,759
	Recreation for the Handicapped		14,198	2011		14,198		14,198	
Department of Environmental Protection and Energy	Clean Communities Act	4900-765-178910-60	35,867	2008	3,784		600	3,184	36,466
		4900-765-178910-60	36,025	2009	317		317		36,025
		4900-765-178910-60	9,936	2009	9,600		9,600		9,936
		4900-765-178910-60	47,856	2010	22,568		20,965	1,603	46,253
		4900-765-178910-60	45,617	2011		45,617		45,617	
	Green Communities Grant	4900-752-178810-60	2,000	2002	(330)			(330)	2,000
		4900-752-178810-60	2,000	2004	2,000			2,000	
	Green Communites Grant - Forestry	4900-752-178810-60	3,000	2010					
	Recycling Tonnage Grant	4900-752-178810-60	91,496	2009	91,496			91,496	
		4900-752-178810-60	77,558	2010		77,558	10,028	67,530	10,028
		4900-752-178810-60	74,595	2011		74,595		74,595	

BOROUGH OF FAIR LAWN

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2011

Name of State Agency or Department	State Program	State Program / Account No.	Total Grant Award	Grant Year	Balance Dec., 31 2010	Cash Received	Grant Expenditures	Deferred Revenue/ (Accounts Receivable) Dec., 31 2011	MEMO Cumulative Total Expenditures
Department of Environmental Protection and Energy (Cont....)	Statewide Livable Communities Grant Ord. 1951	4875-100042-4875-353-VVVV-6020	252,500	2003					216,366
	Granular Activated Carbon Demo Project	527-042-4840-030-3610	1,200,000	2007	21,409		934,782	(913,373)	1,113,373
	Alcohol Education and Rehabilitation		970	PY	970			970	
			2,576	2006	2,576			2,576	
			1,253	2009	1,253			1,253	
			804	2010	804			804	
			162	2011		162		162	
	Green Acres - Open Space		450,000	2008					
Department of Law and Public Safety	New Jersey Highway Safety Project Grant Over the Limit Under Arrest	1160-100-066-1160-111-YHTS-6010	5,075	2010					5,036
		1160-100-066-1160-111-YHTS-6010	4,400	2010	4,400			4,400	
		1160-100-066-1160-111-YHTS-6010	5,000	2011		5,000	5,000		5,000
		1160-100-066-1160-111-YHTS-6010	4,400	2011		4,400		4,400	
	Click it or Ticket		4,000	2010	4,000		3,389	611	3,389
	Speed/Aggressive Driving Enforcement		7,500	2006	(3,500)			(3,500)	7,500
	Body Armor Replacement Grant - Ord. 2182		14,412	2010					14,412
	Traffic Enforcement Grant	CP00-08-01-09	8,400						
	Body Armor Replacement Program Grant	1020-718-066-1020-001-YCJS	73,930	2005	(30,280)		1,853	(32,133)	72,736
		1020-718-066-1020-001-YCJS	22,809	2006	17,613			17,613	
		1020-718-066-1020-001-YCJS	6,198	2007	6,198			6,198	
		1020-718-066-1020-001-YCJS	5,196	2009	5,196			5,196	
		1020-718-066-1020-001-YCJS	2,063	2010	2,063			2,063	
		1020-718-066-1020-001-YCJS	5,389	2010	5,389			5,389	
		1020-718-066-1020-001-YCJS	5,101	2011		5,101		5,101	
	Drunk Driving Enforcement Fund	4230-100-046-4750-241	8,289	2006	640		640		8,289
		4230-100-046-4750-241	19,920	2007	11,386		2,588	8,798	2,588
		4230-100-046-4750-241	9,845	2008	1,749			1,749	8,096
		4230-100-046-4750-241	4,156	2008	4,156			4,156	
		4230-100-046-4750-241	9,068	2009	9,068		140	8,928	140
		4230-100-046-4750-241	21,154	2010	21,154			21,154	
		4230-100-046-4750-241	6,633	2011		6,633		6,633	
	Statewide Local Domestic Preparedness Program	1020-100-066-1020-354	100,000	2003	(4,197)			(4,197)	100,000
		1020-100-066-1020-354	20,000	2005	(14,684)		355	(15,039)	15,039

Schedule 2

BOROUGH OF FAIR LAWN

Schedule of Expenditures of State Awards

For the Year Ended December 31, 2011

Name of State Agency or Department	State Program	State Program / Account No.	Total Grant Award	Grant Year	Balance Dec., 31 2010	Cash Received	Grant Expenditures	Deferred Revenue/ (Accounts Receivable) Dec., 31 2011	MEMO Cumulative Total Expenditures
Department of Law and Public Safety, (cont.)	Emergency Management Assistance Fund			PY	181			181	
			5,000	2008	5,000			5,000	5,000
			5,000	2009	5,000			5,000	
			5,000	2010	5,000			5,000	
	Underage Drinking		1,177	2009	1,177			1,177	
Department of Community Affairs	Statewide Livable Communities Grant:								
	Library Improvements - Ord. 2021		23,000		(22,959)			(22,959)	22,959
	Domestic Violence Training Program	100-006-1020-246-FY06	3,500	2006	(3,500)			(3,500)	3,500
		100-006-1020-246-FY07	7,060	2007	(1,286)			(1,286)	1,955
	Smart Future Growth Grant		7,000	2009					
	Recreation for Individuals with Disabilities Grant	100-022-8050-035	7,300	2003	6,860			6,860	440
	Total State				(22,793)	243,264	998,180	(777,709)	3,188,166
County of Bergen	Municipal Alliance on Alcoholism and Drug Abuse		17,500	2008	(7,721)		174	(7,895)	11,334
			16,765	2009	(15,495)		992	(16,487)	16,487
			15,759	2010	2,192		3,539	(1,347)	15,759
			15,759	2011		5,647	10,748	(5,101)	10,748
	Municipal Recycling Assistance Program		21,859	2007	605			605	21,254
	Open Space Preservation Trust Fund								
	Ball Field Improvements - Ord. 1988		100,000	2004	(3,530)			(3,530)	35,308
	Berdan Grove Basketball Lighting - Ord. 2055		17,500	2006					14,168
	Installation of Athletic Field and Pool Fencing - Ord. 2156		56,500	2009	(26,668)	25,626		(1,042)	51,668
	Constuction of Warren Point Skate Park - Ord. 2188		30,000	2010					
	Department of Public Works:								
	County-wide ADA ramps/curbs/sidewalks - Ord. 2183		88,270	2010	(1)			(1)	80,843
	County-wide ADA ramps/curbs/sidewalks - Ord. 2212		65,000	2011		65,000	65,000		65,000
	Police Grant		2,250	2010	2,250			2,250	
	Drunk Driving		28,228	2009	9,377			9,377	14,189
	Bergen County Arts Grant Program		1,295	2004	323			323	972
	Total County				(38,668)	96,273	80,453	(22,848)	
	Total State and County				$ (61,461)	339,537	1,078,633	(800,557)	3,188,166

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

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF FAIR LAWN
NOTES TO THE SCHEDULES OF EXPENDITURES
OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1. GENERAL

The accompanying schedules of expenditures of awards present the activity of all federal and state financial assistance programs of the Borough of Fair Lawn, County of Bergen. The Borough is defined in Note 1A to the Borough's financial statements. All federal financial assistance received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditures of awards.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards are presented using the modified accrual basis of accounting as prescribed for counties by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the Borough's financial statements.

NOTE 3. RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance awards are reported in the Borough's financial statements on a basis of accounting described above as follows:

	Federal	State	Local	Total
Current Fund	$418	$998,180	$80,453	$1,079,051
General Capital Fund	38,571			38,571
	$38,989	$998,180	$80,453	$1,117,622

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree, in all material respect, with the amounts reported in the related federal and state financial reports.

BOROUGH OF FAIR LAWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	unqualified	
Internal control over financial reporting:		
1. Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	X none reported
2. Material weakness(es) identified?	_____ yes	X no
Noncompliance material to financial statements noted?	_____ yes	X no

State Awards Section

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000	
Auditee qualified as low-risk auditee?	_____ yes	X no
Type of auditors' report on compliance for major programs:	unqualified	
Internal Control over compliance:		
1. Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	X none reported
2. Material weakness(es) identified?	_____ yes	X no
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 and OMB Circular 04-04, as amended?	_____ yes	X no

Identification of major programs:

State Account Number	Name of State Program
527-042-4840-030-3620	Granular Activated Carbon Demo Project

BOROUGH OF FAIR LAWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(continued)

Section II - Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general-purpose financial statements that are required to be reported in accordance with Chapter 5.18 of "General Auditing Standards".

NONE

BOROUGH OF FAIR LAWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(continued)

Section III - State Financial Assistance Findings and Questioned Costs

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of federal programs, as required by OMB Circular A-133, as amended.

NONE

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, 2011

THIS PAGE INTENTIONALLY LEFT BLANK

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 of specifically by any other law. The governing body of a contracting unit may, be 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.

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.

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:

Removal of Underground Tanks	Heating/AC Repairs
Dioxide Odor & Corrosion Control Chemical	Wireless Technology Upgrades
Sewer Repairs	Pipes and Fittings
Hydrants & Hydrant Parts	Pickups/Plows
Painting Supplies	Roadway Improvements
Tree Removal Equipment	Water Meters

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 4, 2011 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

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

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

Delinquent Taxes and Tax Title Liens

A tax sale was held on June 21, 2011 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:

Year	Number of liens
2011	4
2010	3
2009	3

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

BOROUGH OF FAIR LAWN

COMMENTS

Finance

1. There were instances of expenditures being charged to the incorrect budget account (7-2-5c(1)).

Municipal Court

2. According to the Municipal Court management reports, there are tickets Assigned over 180 days.

3.* On several occasions throughout the year, deposits were not made in a timely manner in accordance with N.J.S.A. 40A:5-15 (Bails & Fines).

4.* There was one month during 2011 that monies collected were not turned over to the proper agencies on or before the fifteenth of the following month.

5.* The court is carrying outstanding checks over one year old as reconciling items in the Fines and Bail accounts (N.J.S.A. 40A:5-5).

Administration

6. There was an instance when fixed assets were not capitalized in 2011 in accordance with NJAC 5:30-5.6 entitled "Accounting for Governmental Fixed Assets". (Fixed Asset Testwork 7-2-3)

BOROUGH OF FAIR LAWN

RECOMMENDATIONS

Finance

1. That all expenditures be charged to the correct budget account.

Municipal Court

2. That tickets over 180 days be recalled by the Court Administrator.

3.* That monies collected be deposited within 48 hours of receipt per N.J.S.A. 40A:5-15.

4.* That monies collected be turned over to the proper agencies on or before the fifteenth of the following month.

5.* That stale dated checks be investigated and cancelled by resolution.

Administration

6. That all fixed assets be capitalized when put into use.

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. Wielkotz
Registered Municipal Accountant
No. CR00413

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

May 15, 2012